



The Pakistan Credit Rating Agency Limited

Rating Report

State Life Insurance Corporation of Pakistan

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Rating History

Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
30-Jun-2025	AAA (ifs)	Stable	Maintain	-
18-Jul-2024	AAA (ifs)	Stable	Maintain	-
18-Jul-2023	AAA (ifs)	Stable	Maintain	-
19-Jul-2022	AAA (ifs)	Stable	Maintain	-
31-Mar-2022	AAA (ifs)	Stable	Harmonize	-
19-Jul-2021	AAA	Stable	Maintain	-
11-Sep-2020	AAA	Stable	Maintain	-
27-Dec-2019	AAA	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The life insurance sector is primarily dominated by the public sector, holding ~61% market share during CY24, while the private sector accounts for around 39%. The industry's Gross Premium Written (GPW) stood at ~PKR 434 bln during CY24 (CY23: ~PKR 404 bln), reflecting a YoY growth of ~7%. Net Premium amounted to ~PKR 425 bln in CY24 (CY23: ~PKR 398 bln), also showing a YoY increase of ~7%. On the claims side, Net Claims stood at ~PKR 374 bln in CY24 (CY23: ~PKR 366 bln). The industry's bottom line was supported by robust investment income of ~PKR 467 bln during CY24 (CY23: ~PKR 291.5 bln), representing a YoY increase of ~60% which was primarily due to increased policy rates during CY24 as most of the investment is made in Govt. securities, which contributed to improved Profit After Tax (PAT) of ~PKR 23 bln in CY24 (CY23: ~PKR 20 bln). The total investment portfolio of the insurance industry stood at ~PKR 2,513 bln as of CY24 (CY23: ~PKR 2,027 bln). Going forward, the overall outlook for the industry remains stable.

State Life Insurance Corporation of Pakistan ("State Life" or "the Corporation"), a Government of Pakistan (GoP) owned life insurance organization, derives strength from its substantial market share of ~61%. The Corporation is considered to have the most effective agency model that penetrates well into the life insurance market. During CY24, State Life's Gross Premium Written (GPW) slightly decreased by ~1.3%, primarily due to a decrease in group premiums. The Corporation's diverse and innovative product offerings, coupled with operational excellence, have resulted in strong customer trust, as reflected in its robust persistency ratios. Second-year persistency stands at ~84% with a renewal persistency of ~90%. However, due to lower claims, the Corporation reported an underwriting profit. This was primarily driven by lower claims due to reviving economic conditions. State Life's loss ratio reduced to ~86%, impacting the combined ratio (~106%). The comfort is derived from State Life's strong risk absorption capacity, supported by sufficient liquidity and the overall quality of its investment portfolio, along with the Government of Pakistan's (GoP) guarantee for policyholders' liabilities. Experienced management team adds comfort to the overall rating; however, State Life must revamp its digital strategy to remain alongside the evolving requirements.

State Life's ability to maintain its leadership in the life insurance sector is important. Successful execution of envisioned strategies: including diversification and continued growth remains essential. Additionally, implementation of new ERP system will enable efficient business operations with the real time provision of services to all stakeholders

Disclosure

Name of Rated Entity	State Life Insurance Corporation of Pakistan
Type of Relationship	Solicited
Purpose of the Rating	IFS Rating
Applicable Criteria	Assessment Framework Life Insurance(Mar-25),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study Life Insurance(Jun-24)
Rating Analysts	Zaeem Ul Rehman zaeemulrehman@pacra.com +92-42-35869504



Profile

Legal Structure State Life Insurance Corporation of Pakistan ("State Life" or "the Corporation") was established in 1972 as a public limited company under the Life Insurance Nationalization Ordinance (LINO).

Background The Corporation was established in 1972 under the LINO. Before nationalization, 32 life insurance companies were consolidated, which later merged to form the Corporation. Its primary function is to conduct life insurance business, and it also invests policyholders' funds in various avenues.

Operations The Corporation operates both conventional and takaful life business, with products distinct from the private sector, non-unit-linked products. State Life manages five statutory funds: (i) Pakistan Life, (ii) Overseas Life, (iii) Pension, (iv) Accident and Health (v) Takaful Fund. The head office is located in Karachi.

Ownership

Ownership Structure State Life is owned by the Government of Pakistan (GoP) through the Federal Ministry of Commerce.

Stability The Corporation is a public sector concern, thus provides stability to the ownership structure.

Business Acumen The Federal Ministry appoints experienced individuals to manage the Corporation, ensuring strong business acumen.

Financial Strength The Corporation gathers support from sovereign backing which ensures strong financial stability.

Governance

Board Structure Overall control of the Board lies with 9 members, nominated by the Federal Ministry, comprising 5 Independent Directors, including the Chairman, and 4 Executive Directors.

Members' Profile The Board is chaired by Mr. Sulaiman S. Mehdi, a seasoned corporate leader and Fellow of the Institute of Corporate Secretaries of Pakistan (ICSP), with over 20 years of experience in the financial sector. Ms. Sarah Saeed, A non-executive director, is a seasoned civil servant with over 26 years of experience, currently serving as Special Secretary, Commerce and overseeing the Commerce Division's insurance portfolio.

Board Effectiveness The Board operates through six committees: Ethics, Human Resources, Remuneration&Nomination, Investment, Audit, Underwriting/Re-insurance&Co-Insurance, Claim Settlement, Risk Management, Compliance & Litigation. The Audit Committee meets quarterly, the Investment Committee meets biannually, and the other committees annually.

Financial Transparency The external auditors, M/s Riaz Ahmed & Co., have issued an unqualified opinion on the financial statements for the year ended CY24. The firm is QCR-rated and classified under Category 'A' on the SBP's panel of auditors.

Management

Organizational Structure The Corporation holds a horizontal organizational structure with clear reporting lines. The operations include 1) General procurement, 2) HR & Administration, 3) Policy Holders Services (PHS), 4) Real Estate, 5) Finance and Accounts, 6) Investments, 7) Legal Affairs, 8) Group and Pension, 9) Bancassurance, 10) Takaful, 11) Human Resource Development (HRD), which are headed by three Executive Directors (ED) collectively who directly report to the CEO.

Management Team Mr. Shoaib Javed Hussain has been the CEO since Aug-23, holds experience of more than 2 decades, in finance, audit, risk, and strategy across leading global insurance groups. He is a Fellow of the Institute of Actuaries (UK) and holds an MSc in Actuarial Management from Cass Business School, London.

Effectiveness The Board is essentially concerned with policy matters only. Therefore, the responsibility of operations and internal controls rests with the Executive/Operational management and departmental heads.

Claim Management System Claims are settled at three levels in designated committees: 1) Zonal Claims Committee, 2) Regional Claims Committee, and 3) Central Claims Committee. Each Zonal and Regional Claims committee has its authorized limits on the basis of the skills, qualifications, and experience of the respective team. For early death claims (claims during the two years of policy issuance), claims investigators are appointed, and reports are presented to the claims committee.

Investment Management Function State Life has revised its Investment Policy Statement (IPS) in 2017. The investment strategy continued to remain conservative, with maximum asset allocation (dynamic) risk-free securities.

Risk Management Framework Risk Management efforts of the Corporation have been formalized through the constitution of the Board's Risk Management Committee and the creation of the Risk Management Division. Ongoing efforts are being made to strengthen the implementation of the Risk Management Framework.

Business Risk

Industry Dynamics The Life Insurance market is dominated by the public sector (~61% share as of Dec-24). While the private sector holds only ~39% of the market share. GPW of the industry stood at ~PKR 434bln during CY24 (CY23: ~PKR 404bln), showing a YoY growth of ~7%. GPW is bifurcation, i.e. Net Premium stood at PKR~425bln during CY24 (CY23: PKR~398bln), showing a YoY increase of ~7%. On the claims end, Net Claims stood at ~PKR 374bln during CY24 (CY23: ~PKR 374bln). The total investment book of the insurance industry stood at ~PKR 2,513bln during CY24 (CY23: ~PKR 2,027bln). Going forward, the overall outlook of the industry remains stable.

Relative Position State Life holds the highest market share (~61%) in terms of GPW in the industry.

Persistency During CY24, State Life reported a robust persistency ratio of ~84% (CY23: ~81%). Renewal persistency was notably strong, ~90% during CY24 (CY23: ~91%); attributed to the flexible and user-friendly policies, the development of strong client relationships. During 3MCY25, the Second year persistency of State Life clocked in at ~72%; while renewal persistency stood at ~90%.

Revenue During CY24, the Gross Premium Written (GPW) of State Life slightly declined by ~1.3%, reported at ~PKR 265bln (CY23: ~PKR 268bln). This decline in GPW is primarily attributed to a significant ~13% decrease in the group premium. Additionally, the first-year premium grew by ~14%, and the second-year premium by ~27%. During 3MCY25, the Corporation reported GPW of ~PKR 59.5bln (3MCY24: ~PKR 54.8bln); this increase of ~8.6% resulted from an uptick in group premiums.

Profitability During CY24, State Life reported an underwriting profit of ~PKR 3.6bln (Loss of ~PKR 9.1bln during CY23). This underwriting profit is attributed to lower claims incurred during the period. The Corporation's bottom line received substantial support from investment income. State Life reported a Profit After Tax (PAT) of ~PKR 15.7bln during CY24, marking an increase of ~7% (CY23: ~PKR 14.7bln). During 3MCY25, PAT of the Corporation stands at ~PKR 5bln.

Investment Performance State Life maintains a diverse and healthy investment book reported at ~PKR 1,829bln during CY24 (CY23: ~PKR 1,472.6bln), generating healthy investment income of ~PKR 308bln in CY24 (CY23: ~188bln). During 3MCY25, the Corporation reported investment income of ~PKR 46.8bln.

Sustainability State Life aims to maintain sustained growth with a focus on new avenues. In response to rising competition, the Corporation plans to expand its product range. It seeks growth by broadening offerings in Health Insurance, Bancassurance, and Window Takaful. Enhancing digital capabilities to stay competitive and meet demands of customers will boost the company's performance.

Financial Risk

Claim Efficiency Claims outstanding days of the Corporation increased to 365 days in CY24 (CY23: 230 days), owing to lower claims. Net claims decreased by ~8%, reported at ~PKR 228bln in CY24 (CY23: ~PKR 247bln). The claims coverage ratio of State Life surged to 7x in CY24 (CY23: 5.5x), witnessing a robust position to meet the obligations. As of 3MCY25, the claims coverage ratio stands at 9.3x.

Re-Insurance State Life maintains reinsurance agreements with Swiss Re (rated 'AA-' by 'S&P'), overseas business with Swiss Re (rated 'AA-' by 'S&P'), and Takaful business with Hannover Re Takaful (rated 'AA-' by 'S&P').

Cashflows & Coverages The investment portfolio is primarily in liquid assets, including government securities and listed equity. As of CY24, it stands at ~PKR 1,829bln (CY23: ~PKR1,472bln). Liquid investments to net claims coverage is 7x, and liquid assets to net premium revenue is 6.1x, reflecting a strong liquidity position. As of 3MCY25, the liquid investment book surged to ~PKR 1,837bln.

Capital Adequacy State Life maintains a strong equity base, reported ~PKR 53bln as of CY24 (CY23: ~PKR 40bln). Whereas, the capital adequacy ratio of State Life stands at 34x in CY24 (CY23: ~36.5x). As of 3MCY25, equity of the Corporation stood at ~PKR 58bln.



PKR mln

State Life Insurance Corporation of Pakistan Listed Public Limited	Mar-25	Dec-24	Mar-24	Dec-23	Dec-22
	3M	12M	3M	12M	12M

A BALANCE SHEET

1 Investments	1,845,499	1,829,042	1,528,647	1,472,551	1,281,647
2 Insurance Related Assets	284,860	253,327	220,954	184,566	78,093
3 Other Assets	294,829	281,710	269,514	272,152	241,816
4 Fixed Assets	1,861	1,915	1,440	1,415	1,033
Total Assets	2,427,048	2,365,994	2,020,554	1,930,684	1,602,589
5 Underwriting Provisions	-	-	-	-	-
6 Insurance Related Liabilities	2,050,806	2,213,997	1,902,668	1,681,523	1,534,304
7 Other Liabilities	317,832	98,615	74,355	209,028	40,872
8 Borrowings	-	-	-	-	-
Total Liabilities	2,368,639	2,312,611	1,977,023	1,890,551	1,575,176
Equity	58,410	53,383	43,531	40,132	27,412

B INCOME STATEMENT

1 Gross Premium Written	59,530	265,268	54,794	268,879	244,150
2 Net Insurance Premium	59,392	264,374	54,634	267,844	243,211
3 Underwriting Expenses	(52,219)	(260,765)	(47,931)	(277,035)	(198,001)
Underwriting Results	7,174	3,609	6,702	(9,190)	45,210
4 Management Expenses	(4,015)	(19,790)	(3,699)	(17,849)	(13,983)
5 Investment Income	46,886	308,041	58,002	188,500	102,300
6 Other Income / (Expense)	7,369	58,345	11,404	68,409	36,994
7 Net Change in Reserve for Policyholders' Liabilities	(49,174)	(324,390)	(62,737)	(205,390)	(149,856)
Profit Before Tax	8,240	25,815	9,671	24,479	20,665
8 Taxes	(3,214)	(10,064)	(3,773)	(9,760)	(6,936)
Profit After Tax	5,027	15,751	5,899	14,720	13,728

C RATIO ANALYSIS

1 Profitability					
Loss Ratio (Net Insurance Claims / Net Insurance Premium)	80.1%	86.2%	81.2%	92.4%	72.1%
Combined Ratio (Loss Ratio + Expense Ratio)	94.7%	106.1%	94.5%	110.1%	87.2%
2 Investment Performance					
Investment Income / Operating Profit	93.7%	105.5%	95.1%	116.7%	76.6%
3 Liquidity					
(Liquid Assets - Borrowings) / Outstanding Claims	30.61	6.72	6.78	25.37	10.62
4 Capital Adequacy					
Liquid Investments / Equity	31.45	34.11	34.97	36.54	46.55

Insurer Financial Strength (IFS) Rating

Insurer Financial Strength (IFS) rating reflects forward-looking opinion on relative ability of an insurance company to meet policy holders and contractual obligations.

Scale	Long-Term Rating
AAA (ifs)	Exceptionally Strong. Exceptionally Strong capacity to meet policy holders and contract obligations. Risk factors are minimal, and the impact of any adverse business and economic factors is expected to be extremely small.
AA++ (ifs)	Very Strong. Very Strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.
AA+ (ifs)	
AA (ifs)	
A++ (ifs)	Strong. Strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small.
A+ (ifs)	
A (ifs)	
BBB++ (ifs)	Good. Good capacity to meet policy holders and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be manageable.
BBB+ (ifs)	
BBB (ifs)	
BB++ (ifs)	Modest. Modest capacity to meet policy holders and contract obligations. Though positive factors are present, risk factors are relatively high, and the impact of any adverse business and economic factors is expected to be significant.
BB+ (ifs)	
BB (ifs)	
B++ (ifs)	Weak. Weak capacity to meet policy holders and contract obligations. Risk factors are high, and the impact of any adverse business and economic factors is expected to be very significant.
B+ (ifs)	
B (ifs)	
CCC (ifs)	Very Weak. Very weak capacity to meet policy holders and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors may lead to insolvency or liquidity impairment.
CC (ifs)	
C (ifs)	
D (ifs)	Distressed. Extremely weak capacity with limited liquid assets to meet policy holders and contract obligations, or subjected to some form of regulatory intervention or declared insolvent by the regulator.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Note: This scale is applicable to the General Insurance & Takaful Operator, and Life Insurance & Family Takaful Operator methodology

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Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee

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- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA’s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers’ associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst’s area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

- (22) PACRA’s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA’s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA’s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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