



The Pakistan Credit Rating Agency Limited

Rating Report

TPL Life Insurance Limited

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Rating History

Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
26-Jun-2025	A (ifs)	Stable	Maintain	Yes
26-Jun-2024	A (ifs)	Stable	Maintain	Yes
26-Jun-2023	A (ifs)	Stable	Maintain	-
29-Jun-2022	A (ifs)	Stable	Maintain	-
31-Mar-2022	A (ifs)	Stable	Harmonize	-
29-Jun-2021	A-	Stable	Maintain	-
29-Jun-2020	A-	Stable	Maintain	-
27-Dec-2019	A-	Stable	Maintain	-
27-Jun-2019	A-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The life insurance sector is primarily dominated by the public sector, holding ~61% market share as of Dec-24, while the private sector accounts for ~39%. The industry's Gross Premium Written (GPW) stood at ~PKR 434bln during CY24 (CY23: ~PKR 404bln), reflecting a YoY growth of ~7%. On the claims side, Net Claims stood at ~PKR 374bln in CY24 (CY23: ~PKR 366bln). The industry's bottom line was supported by robust investment income of ~PKR 467bln during CY24 (CY23: ~PKR 292bln), representing a YoY increase of ~60%, which contributed to improved Profit After Tax (PAT) of ~PKR 23bln in CY24 (CY23: ~PKR 20bln). The total investment portfolio of the insurance industry stood at ~PKR 2,518bln as of CY24 (CY23: ~PKR 2,027bln). Going forward, the industry outlook remains stable.

The rating reflects TPL Life Insurance Limited. ('TPL Life' or 'the Company') efforts to manage its position in the life insurance sector. TPL Life has become a publicly listed company after a reverse merger with Dar-es-Salaam Textile Mills Limited (DSML) on 10-Jun-24. The rating drives comfort from the support of the parent company, TPL Corp Ltd. (TPL Corp), evident from the presence of the Sponsor on the Board and through an equity injection during the year. TPL Life has been pursuing the life and health insurance businesses; however, the Company has been striving to accentuate its life insurance business. TPL Life has prioritized the introduction of short-term innovative products while reducing the underwriting business of group policies. However, the Company witnessed a YoY decline of ~10% in GPW during CY24. The increased acquisition expenses have impacted the underwriting expenses, and in turn, the underwriting performance of the Company. Although the investment income increased slightly by ~12% during CY24, however remained minimal to support the bottom line, resulting in an increase in loss by ~39%. Moreover, the combined ratio remained significantly high primarily due to the one-time cost incurred under the reverse merger (~PKR 95mln) and bad debt provisions (~PKR 75mln). On the financial front, although the liquid assets of the Company have increased, equity continued to deplete. The Company must build itself around a sizeable business, going forward.

The rating is dependent on the Company's ability to improve gross premiums and, in turn, underwriting profits. Maintaining adequate liquidity is pivotal for the rating. Solvency profile, as indicated through reserves, must be strengthened.

Disclosure

Name of Rated Entity	TPL Life Insurance Limited
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	Faiqa Qamar faiqa.qamar@pacra.com +92-42-35869504

Profile

Legal Structure TPL Life Insurance Limited ('TPL Life' or 'the Company') was incorporated as a public unlisted company in Mar-08 and listed on the PSX in Jun-24.

Background TPL Life is a subsidiary of TPL Corp Ltd. ('TPL Corp') with expertise in various sectors. The Company received its license to carry on life and related lines of insurance business from SECP on 02-Mar-09. In Aug-18, the Company was granted authorization by SECP to operate window takaful in respect to family takaful products. However, the Company started takaful operations from Jan-19.

Operations The Company is mainly engaged in the life insurance business, including ordinary life business and accidental and health business.

Ownership

Ownership Structure The major stake (~95.32%) of the Company is held by TPL Corp, while the remaining (~4.68%) is held by others.

Stability Ownership of the Company seems to remain stable as TPL Corp holds a major stake in the Company.

Business Acumen The Sponsors have strong acumen and understanding of the business, with two insurance entities operating under the umbrella Group. Moreover, they have a diversified business portfolio, providing significant support to the Company.

Financial Strength The Company gathers its financial strength from TPL Corp, if needed.

Governance

Board Structure The overall control of the Company lies with a seven-member Board. Four members are Non-Executive Directors, while two, including one female director, are Independent Directors, and one is an Executive Director. Two of the Board members represent the Jameel family.

Members' Profile The Board's Chairman, Mr. Jameel Yusuf, simultaneously also chairs TPL Corp. He is a veteran businessman with vast experience in diverse sectors. Mr. Syed Ali Hassan Zaidi, a Non-Executive Director, has an overall experience of more than 15 years in the financial and insurance sectors. All other Board members hold rich and diversified experience.

Board Effectiveness The BoD meets quarterly during the year. The Board is assisted by three committees, namely Audit, HR, Ethics, Remuneration & Nomination, and Investment. The Audit and Investment Committee meets quarterly, while the HR, Ethics, Remuneration & Nomination Committee meets annually, the minutes of which are adequately maintained. These committees are headed by Non-Executive Directors.

Financial Transparency The Company's External Auditor, M/s BDO Ebrahim & Co., issued a qualified opinion on the financial statements for CY24. For CY25, the Company has appointed Grant Thornton Anjum Rahman & CO., Chartered Accountants. The Company has an in-house internal audit function that meets quarterly and reports to the BoD.

Management

Organizational Structure The Company operates through Strategy and Retail, Actuarial Sciences, Information Systems, Internal Audit, HR, Window Takaful Operations, Corporate Sales, and Finance. All the Heads report to the CEO, who then reports to the Board.

Management Team Mr. Saad Nissar has been serving as the CEO since Aug-21. He has served in various capacities in various companies working under TPL Corp. Mr. Syed Kazim Hassan has served as the CFO since Jul-22. He holds rich experience in the insurance sector. He is assisted by a team of experienced professionals.

Effectiveness The Company has three management committees, namely: Underwriting, Re-insurance & Co-insurance Committee, Claims Committee, and Risk Management & Compliance Committee. All of these committees met on a quarterly basis, and meeting minutes are adequately maintained. These committees are headed by Non-Executive Directors.

Claim Management System Claims are classified into four categories: i) Emergency claims, ii) claims for Treatment from Panel Hospital, iii) Outpatient Department (OPD) claims, and iv) claims for Reimbursement for Treatment from Non-Panel Hospital. In case of emergency claims, panel hospitals provide treatment without the approval of TPL Life.

Investment Management Function TPL Life has implemented a formal, coherent investment policy approved by the Board and reviewed annually. The investment committee is chaired by the CEO, and he has the authority to propose changes in the investment strategy and policy.

Risk Management Framework TPL Life has developed a detailed manual for risk profiling, mainly based on manuals obtained from its reinsurers. However, the Company has to strive to fully incorporate various aspects of the manual in its systems and controls. The risk policies of the Company are reviewed by the Risk Management Committee, and proper minutes of these meetings are maintained.

Business Risk

Industry Dynamics The life insurance sector is primarily dominated by the public sector, holding ~61% market share as of Dec-24, while the private sector accounts for ~39%. The industry's Gross Premium Written (GPW) stood at ~PKR 434bln during CY24 (CY23: ~PKR 404bln), reflecting a YoY growth of ~7%. On the claims side, Net Claims stood at ~PKR 374bln in CY24 (CY23: ~PKR 366bln). The industry's bottom line was supported by robust investment income of ~PKR 467bln during CY24 (CY23: ~PKR 292bln), representing a YoY increase of ~60%, which contributed to improved Profit After Tax (PAT) of ~PKR 23bln in CY24 (CY23: ~PKR 20bln). The total investment portfolio of the insurance industry stood at ~PKR 2,518bln as of CY24 (CY23: ~PKR 2,027bln). Going forward, the industry outlook remains stable.

Relative Position The Company operates as a small player and holds a market share of ~0.1% during CY24.

Persistency During CY24, the first year, persistency remained nil due to reduced retention of policyholders because TPL Life had been pursuing both life and health insurance businesses in the past. Renewal persistency, considered moderate, has declined to ~75% (CY23: ~76%), reflecting the Company's inability to retain policyholders in subsequent years.

Revenue The Company witnessed a YoY decline of ~10% in GPW recorded at ~PKR 392mln during CY24 (CY23: ~PKR 436mln). The YoY decline occurred due to a decrease in GPW from group policies. Going forward, GPW is expected to follow a stable trajectory.

Profitability During CY24, the Company reported the underwriting profit of ~PKR 151mln (CY23: ~PKR 161mln) due to the trickle-down impact of reduced GPW and increased acquisition costs. The Company recorded a net loss of ~PKR 340mln in CY24 (CY23: ~PKR 245mln-loss), mainly because of significantly high management expenses.

Investment Performance During CY24, the investment income of the Company increased by ~12%, reported at ~PKR 46mln (CY23: ~PKR 41mln), primarily from return on debt securities. Going forward, prudent management of investment is crucial to support the bottom line.

Sustainability The Company envisages capturing the market from avenues, such as Banca and Takaful, while ending the underwriting of group policies. Further, TPL Life also envisions improving its investments.

Financial Risk

Claim Efficiency As of CY24, the Company reported outstanding claims of ~PKR 124mln (CY23: ~PKR 83mln). The increase in outstanding claims is due to delayed payments from the management.

Re-Insurance TPL Life maintains reinsurance arrangements for both individual life and group life, on a quota share basis, with Munich Re (rated "A+" by A.M. Best) and Gen Re (rated "A++" by A.M. Best).

Cashflows & Coverages As of CY24, the liquidity of the Company stood at ~3.1x (CY23: ~2.4x) due to an increase in liquid assets reported at ~PKR 1.03bln (CY23: ~PKR 783mln). Liquid investments to outstanding claims stood at ~8.3x (CY23: ~9.3x). The decrease is due to an increase in claims outstanding.

Capital Adequacy As of CY24, equity witnessed an uptick of ~16%, reported at 290mln (CY23: ~PKR 251mln), primarily due to an increase in paid-up capital by ~PKR 456mln.



Financial Summary
PKR mln

TPL Life Insurance Limited
Listed Public Limited

Mar-25	Dec-24	Mar-24	Dec-23	Dec-22
3M	12M	3M	12M	12M
Management	Audited	Management	Audited	Audited

A BALANCE SHEET

1 Investments	1,065	1,031	805	783	684
2 Insurance Related Assets	92	72	245	208	118
3 Other Assets	104	107	83	83	87
4 Fixed Assets	35	37	44	47	43
Total Assets	1,295	1,247	1,177	1,122	932
5 Underwriting Provisions	-	-	-	-	-
6 Insurance Related Liabilities	671	615	645	586	447
7 Other Liabilities	334	335	288	279	187
8 Borrowings	-	5	6	6	7
Total Liabilities	1,005	955	939	871	641
Equity	290	292	238	251	291

B INCOME STATEMENT

1 Gross Premium Written	137	392	145	436	337
2 Net Insurance Premium	98	295	110	309	191
3 Underwriting Expenses	(47)	(144)	(62)	(148)	(142)
Underwriting Results	52	151	48	161	49
4 Management Expenses	(63)	(396)	(86)	(377)	(309)
5 Investment Income	12	46	10	41	2
6 Other Income / (Expense)	(0)	(109)	1	12	15
7 Net Change in Reserve for Policyholders' Liabilities	(30)	(32)	(15)	(79)	29
Profit Before Tax	(30)	(340)	(41)	(242)	(214)
8 Taxes	(2)	(1)	(1)	(3)	(0)
Profit After Tax	(32)	(340)	(43)	(245)	(214)

C RATIO ANALYSIS

1 Profitability					
Loss Ratio (Net Insurance Claims / Net Insurance Premium)	18.1%	20.8%	27.4%	22.7%	49.1%
Combined Ratio (Loss Ratio + Expense Ratio)	112.1%	182.9%	134.6%	170.0%	236.5%
2 Investment Performance					
Investment Income / Operating Profit	6766.5%	-22.9%	-35.6%	-23.7%	-0.8%
3 Liquidity					
(Liquid Assets - Borrowings) / Outstanding Claims	9.25	8.30	7.03	9.32	9.86
4 Capital Adequacy					
Liquid Investments / Equity	3.67	3.54	3.38	3.12	2.35

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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(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)
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- (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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- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
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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)

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- (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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