SECTOR STUDY | 21 JULY 2026

General Insurance

Research Team

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General Insurance

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Global | Outlook

- In terms of Gross Premium Written (GPW), the global Insurance Sector grew by ~7.1% YoY in CY25, moderating from ~9.4% recorded in CY24 but still comfortably above the ten-year CAGR of ~5.6% (CY15-25). Globally, insurers collected USD ~7,753Bn in premiums during the year, with life insurance premiums amounting to USD~3,229Bn, property & casualty (P&C) recording USD~2,619Bn, and health insurance at USD~1,905Bn. The three segments posted growth rates of ~6.9%, ~3.8% and ~12.3% YoY, respectively. This divergence reflects a maturing P&C pricing cycle alongside persistent medical cost inflation and rising demand for private healthcare protection, even as overall Insurance penetration (7.2% of global GDP) remained below levels seen a decade earlier.

- Property & Casualty segment was the second-largest contributor to premium income in CY25, recording ~3.8% YoY growth to reach USD~2,619Bn, showing a notably softer performance than both the market average and the Segment's own ten-year CAGR of ~5.6%, as sharp rate increases across motor, property and specialty lines began to normalize. North America remained the undisputed center of P&C activity, accounting for ~52.0% of world P&C premiums at USD~1,360Bn, though regional growth slowed sharply to ~2.2% from ~9.7% a year earlier, partly reflecting a decline in US accident & health premiums and a more mature rate cycle.

- Health Insurance segment, which grew by ~12.3% YoY to USD~1,905Bn, was the industry's fastest-growing segment and saw its strongest expansion since CY14. Growth was driven largely by North America, where medical inflation pushed segment growth to ~14.9%. Asia's health-insurance penetration remains below ~1% of GDP in nearly all markets except Taiwan, reflecting the still-limited reach of public healthcare and social security systems, which underscores substantial unmet demand and long-term catch-up potential for private health protection across the region.

- Going forward, rising climate risk, elevated reinsurance costs and mounting geopolitical fragmentation (including supply-chain disruption and energy-market volatility linked to the US-Iran conflict) are expected to keep upward pressure on premium pricing while simultaneously straining household affordability. The global Insurance industry is projected to grow at an annual average of ~5.3% over the next decade, with the premium pool expanding by USD~5.9Tn to reach roughly USD~13.7Tn by CY36. The P&C segment is expected to grow by ~4.7% annually through CY36, while health insurance is projected to remain the strongest performer at ~6.7% annually.

***Note**: Data in USD has been estimated using average exchange rates against the Euro (CY25: 1USD = 0.886Euro).*

Source: Allianz, IRS

General Insurance

Pakistan's Macro Economic Indicators | Annual

Monetary Sector	FY17	FY18	FY19	FY20	FY21	5-Year Avg	FY22	FY23	FY24	FY25	FY26	5-Year Avg
Avg. Inflation Rate (%)	4.2%	3.9%	7.3%	10.7%	8.9%	7.0%	11.4%	29.2%	23.4%	4.5%	7.1%	15.1%
Avg. KIBOR (%)	6.1%	6.4%	10.4%	12.0%	7.4%	8.5%	10.8%	18.3%	21.9%	13.9%	11.2%	15.2%
Monetary Policy Rate(%)*	5.8%	6.5%	12.3%	7.0%	7.0%	7.7%	13.8%	22.0%	20.5%	11.0%	11.5%	15.8%
Avg. PKRV (%)	6.0%	6.3%	10.2%	11.8%	7.3%	8.3%	10.7%	18.1%	21.7%	13.6%	11.0%	15.0%
Avg. Exchange Rate (USD/PKR)	104.8	110.1	136.5	158.4	160.5	134.1	191.9	247.7	283.2	279.3	280.0	256.4

Note: *Monetary Policy Rate figures pertain to period end, while the rest pertain to monthly averages.*

Source: SBP, PBS, MUFAP

Pakistan's Macro Economic Indicators | Monthly

Monetary Sector	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Avg. Inflation (%) (Headline CPI)	3.2%	4.1%	3.1%	5.8%	6.2%	6.1%	5.6%	5.8%	7.0%	7.3%	10.9%	11.7%	11.1%
Avg. KIBOR (%)	11.2%	11.0%	11.1%	11.1%	11.2%	11.2%	10.9%	10.4%	10.6%	11.1%	11.6%	12.2%	12.3%
Monetary Policy Rate (%)*	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.5%	10.5%	10.5%	10.5%	11.5%	11.5%	11.5%
Avg. PKRV (%)	11.0%	10.8%	10.8%	10.9%	11.0%	11.0%	10.7%	10.1%	10.4%	11.1%	11.5%	12.2%	12.1%
Avg. Exchange Rate (USD/PKR)	283.1	284.2	282.2	281.5	281.1	280.7	280.3	280.0	279.6	279.3	279.0	278.6	278.3

***Note:** Monetary Policy Rate figures pertain to period end, while the rest pertain to monthly averages.*

Source: SBP, PBS, MUFAP

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Local | Overview

- In FY26, Pakistan's GDP (nominal) stood at PKR~126.9Tn, increasing, in nominal terms, by ~11.3% YoY (FY25: ~8.3% growth). Industrial activities during the year held ~18.1% share in the GDP while services made up ~58.4%.

- During FY26, Finance & Insurance Activities held ~1.47% share in the GDP (FY25: ~1.52%) and contributed ~2.5% to the overall service segment (SPLY:~2.6%). The Finance & Insurance Sector witnessed real growth of ~0.3% YoY (SPLY: ~9.1%).

Pakistan Economy | FY26

Agriculture (23.5%)		Industrial (18.1%)		Services (58.4%)	
Crops (34.0%)	Livestock & Others (66.0%)	Manufacturing (66.9%)	Mining & Quarrying (7.7%)	Wholesale Retail & Trade (30.5%)	Transportation & Storage (17.7%)
		Electricity, Gas and Water Supply (12.5%)	Construction (12.9%)	Finance & Insurance Activities (2.5%)	Real Estate Activities & Others (49.3%)

FY26 values are Provisional – Sectoral Shares in real GDP.

Source: PBS

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Local | Overview

- The Sector's Gross Premium Written reached PKR~245.2Bn in CY25 (CY24: PKR~220.0Bn), registering ~11.4% YoY growth. While the Net Premium Written improved to PKR~102.2Bn from PKR~87.0Bn, up ~17.5% YoY.
- For the period, six companies in the 'large players' category (market share >5.0%) strengthened their dominance, growing GPW to PKR~147.7Bn in CY25 (CY24: PKR~135.2Bn), up ~9.2% YoY, and expanding market share to ~72.6% from ~71.6%.
- Meanwhile, six 'medium players' (market share: 2.0%–5.0%) recorded GPW of PKR~38.5Bn (CY24: PKR~36.8Bn), increasing by ~4.6% YoY. There market share contracted to ~19.5% from ~19.0%, while 16 'small players' wrote PKR~17.3Bn (CY24: PKR~16.8Bn) premium, up ~3.0% YoY, maintaining ~8.4% market share.
- For 3MCY26, Gross Premium Written grew from PKR~47.4Bn in 3MCY24 to PKR~53.6Bn (~13.1% growth), while Net Premium Written surged to PKR~24.8Bn from PKR~21.3Bn, representing a ~16.6% growth. The trend reflects greater retention of underwriting business, which may support premium earnings but also increases insurers' net underwriting exposure and associated capital requirements.
- General Insurance in Pakistan remains deeply underpenetrated, with non-life insurance penetration at around ~0.2% of GDP against global average of ~2.3%, despite double-digit GPW growth. Higher premiums are due to commercial activity, expanding motor and property exposures and growing risk awareness. Mandatory Motor Third-Party Liability enforcement, General Takaful expansion and regulatory reforms including IFRS 17 adoption and Risk-Based Capital implementation support further structural deepening.

GPW figures in PKR Mn

Sector Snapshot	CY24	CY25	3MCY26
Contribution to GDP (%)	1.5	1.5	-
No. of Companies	28	28	28
Gross Premium Written	219,999	245,207*	53,634
Net Premium Written	86,977	102,166	24,836
Net Premium Growth (%)	17.4%	17.5%	16.6%**
Large Market Players			
Companies (No.)	6	6	6
Market Share (%)	71.6%	72.6%	72.9%
Medium Market Players			
Companies (No.)	5	6	5
Market Share (%)	19.5%	19.0%	18.7%
Small Market Players			
Companies (No.)	17	16	17
Market Share (%)	8.9%	8.4%	8.4%
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 Real GDP. GPW and NPR includes Takaful segment while Market Shares pertain to conventional segment only. *CY25 data not available for Cooperative Insurance & Pak Gen Insurance.*
***Net Premium Growth pertains to YoY growth from 3MCY25.*

Source: IAP

General Insurance

Local | Segment Breakdown

- The Sector's underwriting mix became less concentrated in fire insurance during CY25. Although fire remained the largest segment, its share declined to ~38.8% from ~44.4% in CY24, with the sharpest reduction recorded among medium-sized insurers, where the share fell to ~29.6% from ~45.9%. The forgone share was primarily absorbed by health, motor and "others", which increased Sector-wide to ~12.1%, ~18.3% and ~19.3%, respectively. Meanwhile marine remained broadly stable at ~11.5%. Medium-sized insurers exhibited the most diversified portfolio, while Takaful operators maintained a distinct business mix, with motor and health collectively accounting for ~70.4% of GPW in CY25.

- Large insurers continued to maintain a relatively concentrated underwriting mix, with fire accounting for nearly half of their GPW in CY25, while the shares of the remaining segments remained broadly stable. In contrast, small insurers maintained a more balanced portfolio, with fire and motor together representing ~63.0% of GPW, suggesting greater reliance on these two core business lines.

Sectoral Breakdown (GPW) (%) | CY24					
Segment	Large	Medium	Small	Takaful	Sector Wide
Fire	50.9%	45.9%	36.2%	19.2%	44.4%
Motor	10.3%	18.7%	25.4%	41.0%	17.2%
Marine	12.0%	11.4%	12.7%	7.2%	11.3%
Health	5.7%	9.2%	10.4%	22.8%	9.1%
Others	21.2%	14.8%	15.3%	9.8%	18.0%

Sectoral Breakdown (GPW) (%) | CY25					
Segment	Large	Medium	Small	Takaful	Sector Wide
Fire	47.9%	29.6%	34.3%	17.0%	38.8%
Motor	10.6%	22.3%	28.7%	37.4%	18.3%
Health	6.4%	12.3%	10.0%	33.0%	12.1%
Marine	13.3%	9.8%	12.0%	6.4%	11.5%
Others	21.7%	26.0%	15.1%	6.1%	19.3%

***Note**: Data includes Takaful contribution. 'Others' segment pertains to Engineering, Crops & Miscellaneous.*

Source: IAP, Company Financials

General Insurance

Local | Conventional Sector Overview

Figures in PKR Mn, unless stated otherwise

- Gross Premium Written (GPW) for the Sector stood at PKR~203.5Bn in CY25 (CY24: PKR~188.8Bn), up ~7.8% YoY, with large players contributed PKR~147.7Bn (~72.6% market share). This was followed by medium players at PKR~38.5Bn (~19.0%) and small players at PKR~17.3Bn (~8.4%). The average GPW per company stood at PKR~ 7,270Bn for the Sector.

- The Sector's overall investment income grew to PKR~41.8Bn in CY25 (CY24: PKR~36.6Bn), up ~14.1% YoY, On the other hand, underwriting profit (UP&L) declined to PKR~12.1Bn from PKR~13.9Bn in CY24, as the majority of the players struggled to manage increase in claims and business acquisition costs.

- For CY25, the Sector's Profit Before Tax (PBT) rose to PKR~55.1Bn (CY24: PKR~52.9Bn), up ~4.2% YoY, with large players contributing PKR~40.5Bn (CY24: PKR~40.6Bn). Combined equity strengthened to PKR~262.7Bn from PKR~230.0Bn, up ~14.2% YoY, reflecting improved retained earnings across all tiers.

- The Sector's combined Investments and Cash & Bank (IC&B) stood at PKR~384.8Bn in CY25 (CY24: PKR~313.9Bn), up ~22.6% YoY. This growth was primarily driven by higher premium inflows, which generated a larger investable asset base. Deployment into equities also increased, as SBP's monetary easing cycle prompted a shift toward equities in pursuit of better returns amid declining fixed-income yields. By player size, large players led with IC&B of PKR~277.6Bn (CY24: PKR~223.5Bn), followed by medium players at PKR~76.8Bn and small players at PKR~30.5Bn.

Sector Snapshot (CY25)	Total	Large	Medium	Small
No. of Companies (No.)	**28**	06	06	16
Market Share	**100%**	72.6%	19.0%	8.4%
Gross Premium Written* (GPW)	**203,548**	147,719	38,534	17,295
Investment+ Cash & Bank (IC&B)	**384,814**	277,580	76,784	30,450
Investment Income	**41,806**	31,733	6,656	3,417
Underwriting Profit/Loss (UP&L)	**12,113**	7,667	3,776	670
Profit Before Tax (PBT)	**55,152**	40,487	10,517	4,148
Equity	**262,736**	182,869	57,909	23,101

Source: IAP

General Insurance

Sector Dynamics | Large Players

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Figures in PKR Mn (CY25)

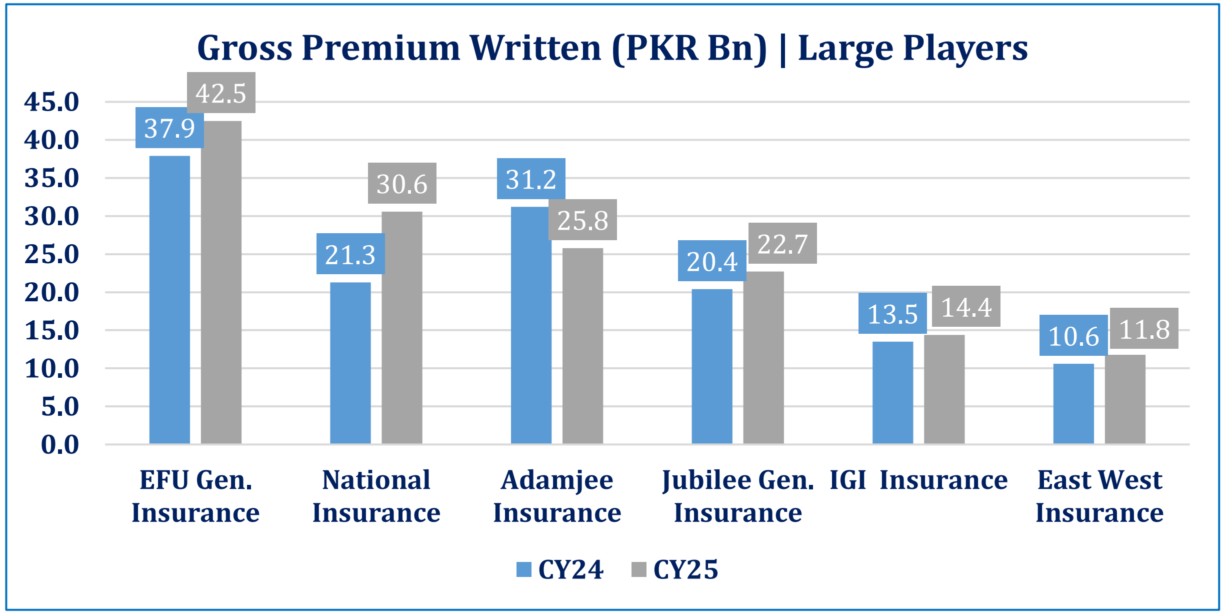
Sr.	Large Players	Market Share	GPW	NPW	Cession Level	Inv. Income	Underwriting P&L	Equity	IC&B	PBT	PAT
1	EFU General Insurance	20.9%	42,468	14,509	65.8%	6,009	2,187	27,390	40,515	8,065	5,298
2	National Insurance Company Limited	15.0%	30,612	7,915	74.1%	10,811	3,285	74,851	95,382	15,377	8,888
3	Adamjee Insurance	12.7%	25,786	12,220	52.6%	6,664	400	48,815	84,569	7,913	5,133
4	Jubilee General Insurance	11.1%	22,651	8,415	62.8%	6,428	117	22,266	39,544	5,954	4,019
5	IGI Insurance	7.1%	14,444	5,682	60.7%	805	575	3,389	5,865	1,383	1,054
6	East West Insurance	5.8%	11,758	7,286	38.0%	1,016	1,103	6,158	11,706	1,796	1,449
	Total	**72.6%**	**147,719**	**56,027**	**62.1%**	**31,733**	**7,667**	**182,869**	**277,581**	**40,487**	**25,841**

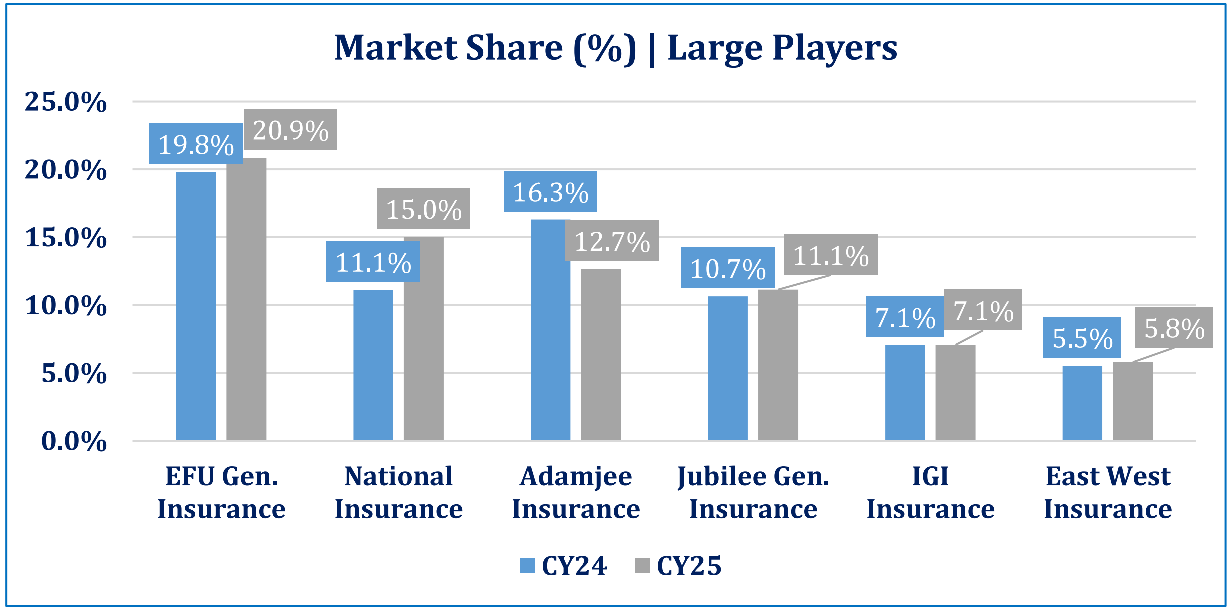
***Note**: Data depicts conventional segment. Large Players own market share greater than 5% in terms of GPW. Only local contribution of GPW is included for Adamjee Insurance.*

Source: IAP

General Insurance

Sector Dynamics | Large Players





- The large-player segment, comprising 6 companies with an aggregate market share of ~72.6%, remains the primary anchor of the Sector.

- EFU General Insurance remained the largest player with PKR~42.5Bn in gross premium written and a ~20.9% market share. National Insurance Company Limited (NICL) surged from PKR~21.3Bn to PKR~30.6Bn (~43.7% YoY growth) to capture ~15.0% share in the total Sector's GPW, driven by strong growth in Marine & Aviation (~71.8% YoY) and Engineering (~41.5% YoY) segment.

- Adamjee Insurance premiums declined by ~17.3% YoY to PKR~25.8Bn, dragged down by a sharp contraction in Fire & Property Damage (~30.9% YoY) and Marine & Aviation (~14.4% YoY) segment. Jubilee (PKR~22.7Bn, 11.1% share), IGI (PKR~14.4Bn, 7.1%), and East West (PKR 11.8Bn, 5.8%) maintained relatively stable positions across the large-player segment.

***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.*

General Insurance

Sector Dynamics | Medium Players

Figures in PKR Mn (CY25)

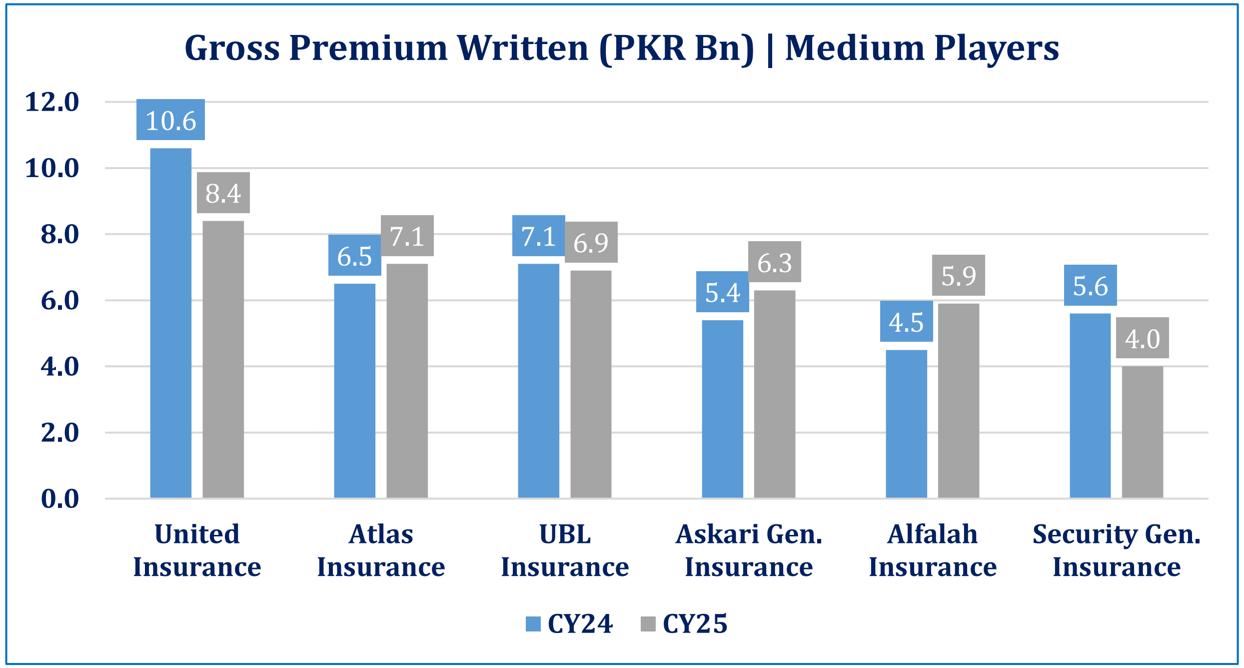
Sr.	Medium Players	Market Share	GPW	NPW	Cession Levels	Inv. Income	Underwriting P&L	Equity	IC&B	PBT	PAT
1	United Insurance	4.1%	8,359	5,419	35.2%	(219)	2,489	6,991	3,308	2,272	1,506
2	Atlas Insurance	3.5%	7,056	3,544	49.8%	2,080	1,205	10,986	17,232	3,271	2,077
3	UBL Insurer Ltd.	3.4%	6,908	2,340	66.1%	492	(250)	2,813	5,076	293	189
4	Askari Gen. Ins.	3.1%	6,338	3,811	39.9%	721	221	3,289	5,422	965	695
5	Alfalah Insurance	2.9%	5,870	2,892	50.7%	1,098	(201)	3,642	4,813	963	638
6	Security Gen. Ins.	2.0%	4,003	1,404	64.9%	2,483	310	30,188	40,933	2,753	1,681
Total		**19.0%**	**38,534**	**19,410**	**49.6%**	**6,656**	**3,776**	**57,909**	**76,784**	**10,517**	**6,786**

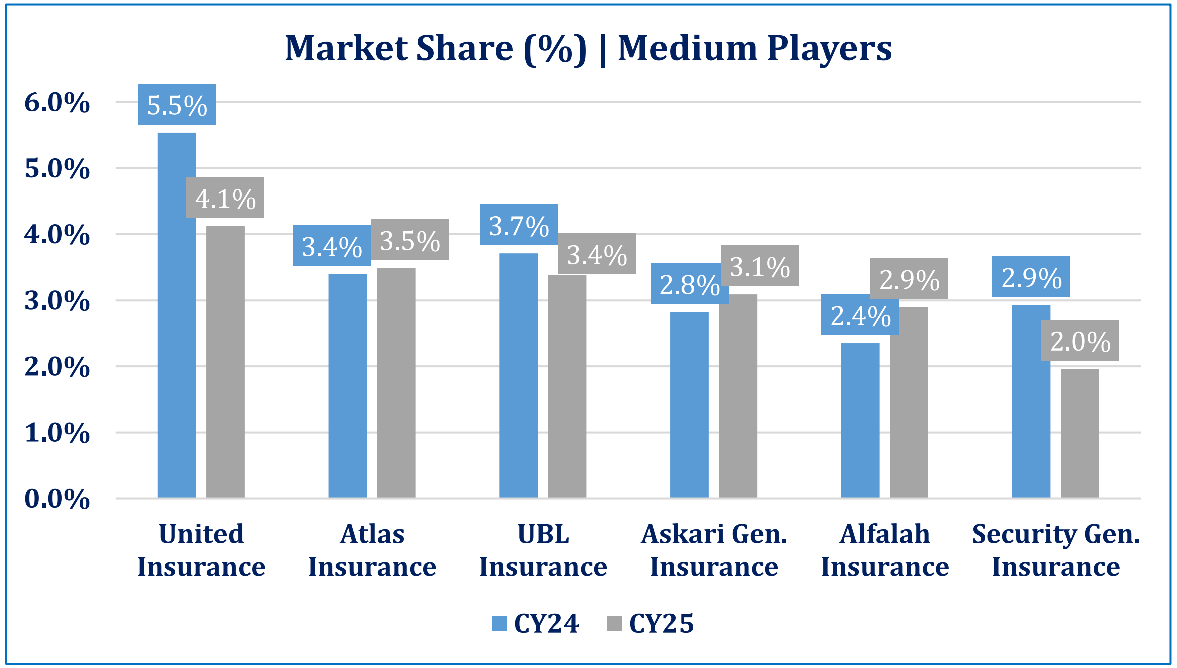
Note: *Data depicts conventional segment. Medium Players own market share greater than 2% and in terms of GPW.*

Source: IAP

General Insurance

Sector Dynamics | Medium Players





- United Insurance contracted by ~20.8% YoY to PKR~8.4Bn in CY25 (CY24: PKR~10.6Bn), as its share eroded from ~5.5% to ~4.1%. On the other hand, Atlas Insurance grew by ~9.2% YoY to PKR~7.1Bn and captured 3.5% share.

- UBL Insurance (PKR~6.9Bn, ~3.4% share) and Askari General (PKR~6.3Bn, ~3.1% share) remained relatively competitive within the segment. Meanwhile Alfalah and Security General demonstrated divergent trajectories, with Alfalah recorded PKR~5.9Bn in premiums (~31.1% YoY growth), while Security General contracted from PKR~5.6Bn to PKR~4.0Bn (~28.6% YoY decline).

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

Source: IAP

General Insurance

Sector Dynamics | Small Players

Figures in PKR Mn (CY25)

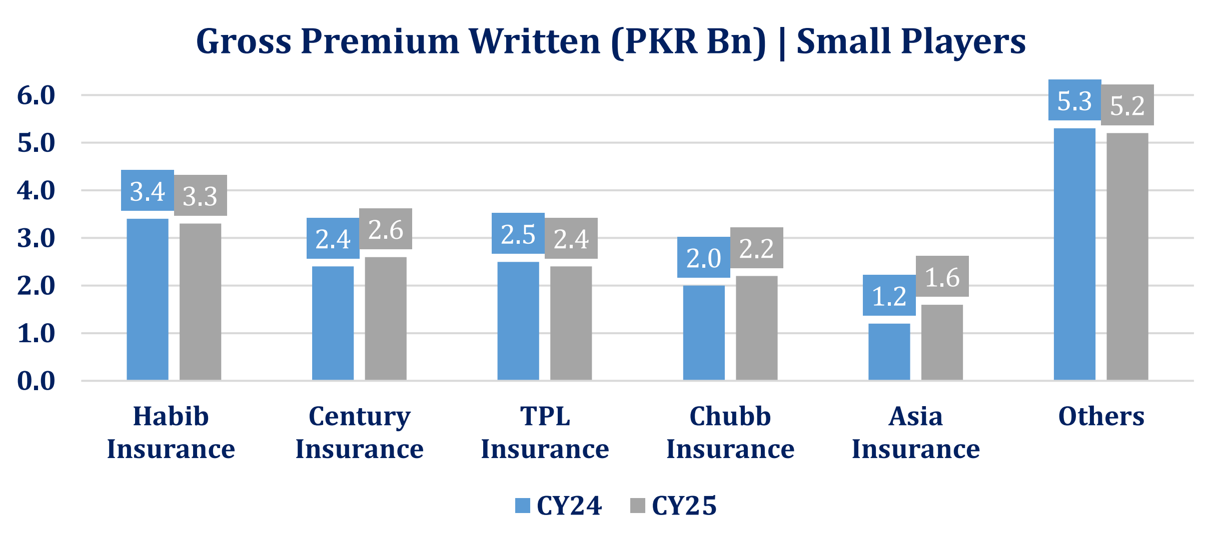
Sr.	Small Players	Market Share	GPW	NPW	Cession Levels	Inv. Income	Underwriting P&L	Equity	IC&B	PBT	PAT
1	Habib Insurance	1.6%	3,322	1,703	48.7%	401	(204)	2,368	3,388	168	118
2	Century Insurance	1.3%	2,634	1,651	37.3%	553	278	3,451	4,627	862	550
3	TPL Insurance Ltd.	1.2%	2,382	1,591	33.2%	120	88	2,770	4,716	46	48
4	Chubb Insurance	1.1%	2,167	699	67.7%	274	233	2,350	3,192	513	313
5	Asia Insurance	0.8%	1,575	1,091	30.7%	189	36	1,216	902	211	178
6	Sindh Insurance	0.7%	1,496	337	77.5%	715	280	1,000	5,963	1,140	483
7	Shaheen Insurance	0.7%	1,407	1,126	20.0%	94	77	1,147	464	169	152
8	Reliance Insurance	0.6%	1,224	597	51.2%	555	94	2,083	1,838	539	464
9	Premier Insurance	0.2%	506	274	45.8%	233	(76)	787	1,119	215	123
10	Alpha Insurance	0.2%	447	329	26.4%	168	(86)	900	1,582	35	22
11	Crescent Star Ins.	0.0%	79	100	-	68	(49)	1,338	478	34	21
12	Universal Insurance	0.0%	56	41	26.8%	28,	(17)	727	572	45	40
13	Pak Qatar Gen. Takf.	0.0%	0	0	-	13	16	885	1,378	29	147
14	Salaam Takaful Ltd.	0.0%	0	0	-	7	0	2,079	232	142	(65)
Total		**8.4%**	**17,295**	**9,539**	**44.8%**	**3,417**	**670**	**23,101**	**30,450**	**4,148**	**2,594**

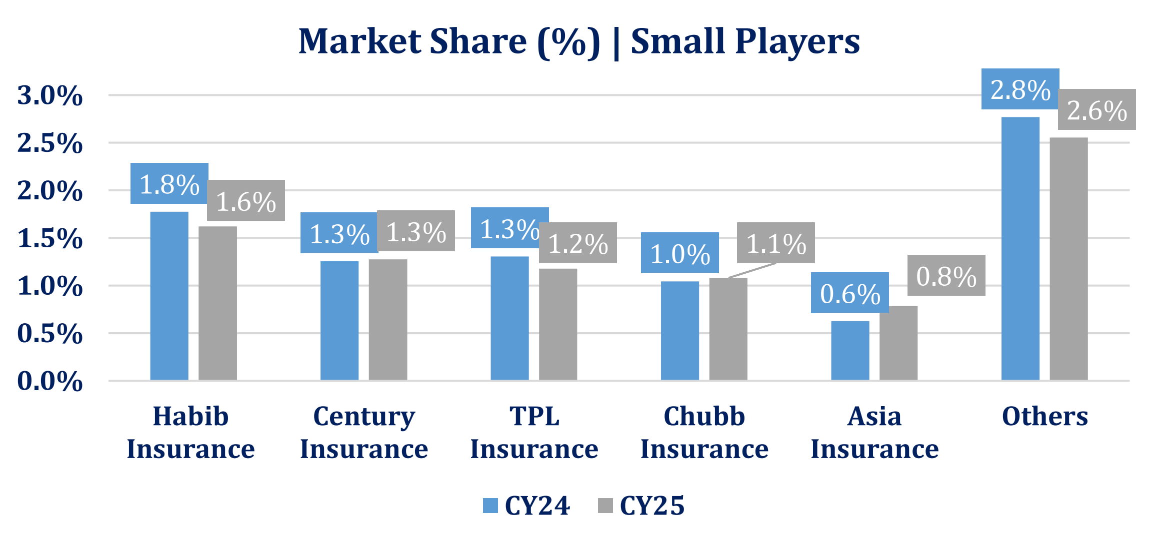
Note: *Data depicts conventional segment. Small Players own market share less than 2% in terms of GPW.*

Source: IAP

General Insurance

Sector Dynamics | Small Players





- The small-player segment, comprising 16 players with an aggregate market share of ~8.4%, displayed fragmented performance in CY25. While the segment achieved a total GPW of PKR ~17.3Bn, individual results highlight a significant disparity in underwriting discipline and profitability.

- Habib Insurance remained the segment leader by volume with PKR ~3.3Bn in GPW, despite a marginal YoY decline. Century Insurance demonstrated positive momentum, growing its top-line to PKR ~2.6Bn (an ~11.5% increase), while TPL Insurance saw its market position stabilize with a GPW of PKR ~2.4Bn.

- Asia Insurance was a notable outlier in the segment, recording a substantial ~33.3% growth in GPW to reach PKR ~1.6Bn, effectively expanding its market share from ~0.6% to ~0.8%.

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

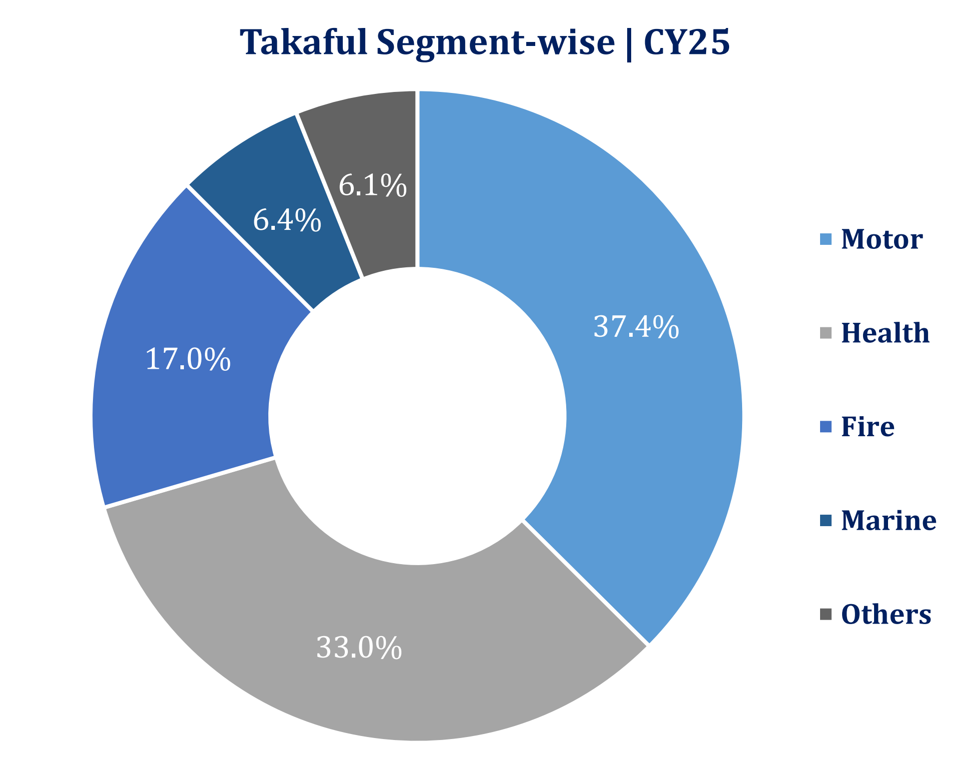
Source: IAP

General Insurance

Local | Takaful Overview

- The General Takaful segment's total GPW stood at PKR~41,659Mn in CY25, with Sindh Insurance leading at ~16.7% market share (PKR~6,975Mn), followed by Adamjee Insurance (~11.0%) and EFU General (~10.6%). The top 10 players collectively capturing ~80.7% of total segment GPW and combined investment income of PKR~1,974Mn. The largest increase came through Sindh Insurance, supported by the Government of Sindh's Workers Welfare Board scheme, providing cashless hospitalization coverage to industrial workers across the province.
- In terms of business mix, motor insurance dominated the Takaful segment at ~37.4% of GPW in CY25, followed closely by health at ~33.0%, with fire, others, and marine contributing the remaining ~29.6%, reflecting the growing adoption of Shariah-compliant coverage across both personal and commercial lines.

Top 10 Takaful Players – CY25 (PKR Mn)				
Sr.	Companies	GPW	Investment Income	Market Share (based on GPW)
1	Sindh Insurance	6,975	229	16.8%
2	Adamjee Insurance	4,555	67	10.9%
3	EFU Gen. Insurance	4,418	274	10.6%
4	Jubilee Gen. Ins.	3,912	418	9.4%
5	TPL Insurance Ltd.	3,373	88	8.1%
6	IGI Insurance	3,077	70	7.4%
7	Salaam Takaful Ltd.	2,100	22	5.0%
8	UBL Insurer Ltd.	2,078	199	5.0%
9	United Insurance	1,695	36	4.1%
10	Pak Qatar Gen. Takaful	1,415	143	3.4%
	Others	8,039	428	19.3%
	Total	41,637	1,974	100.0%

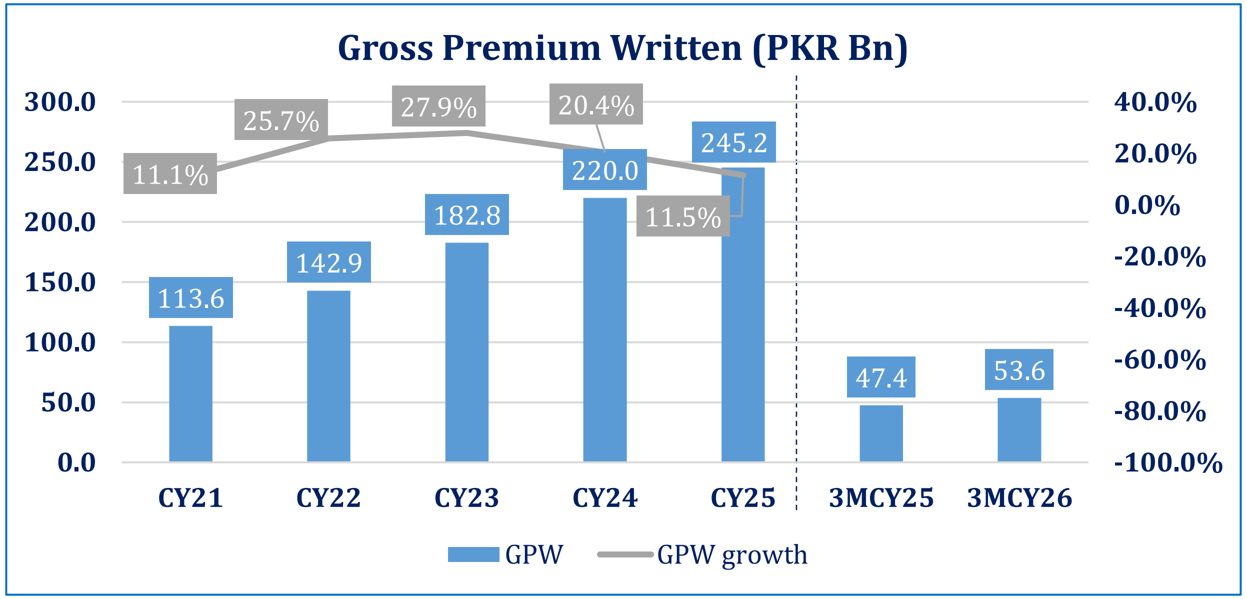


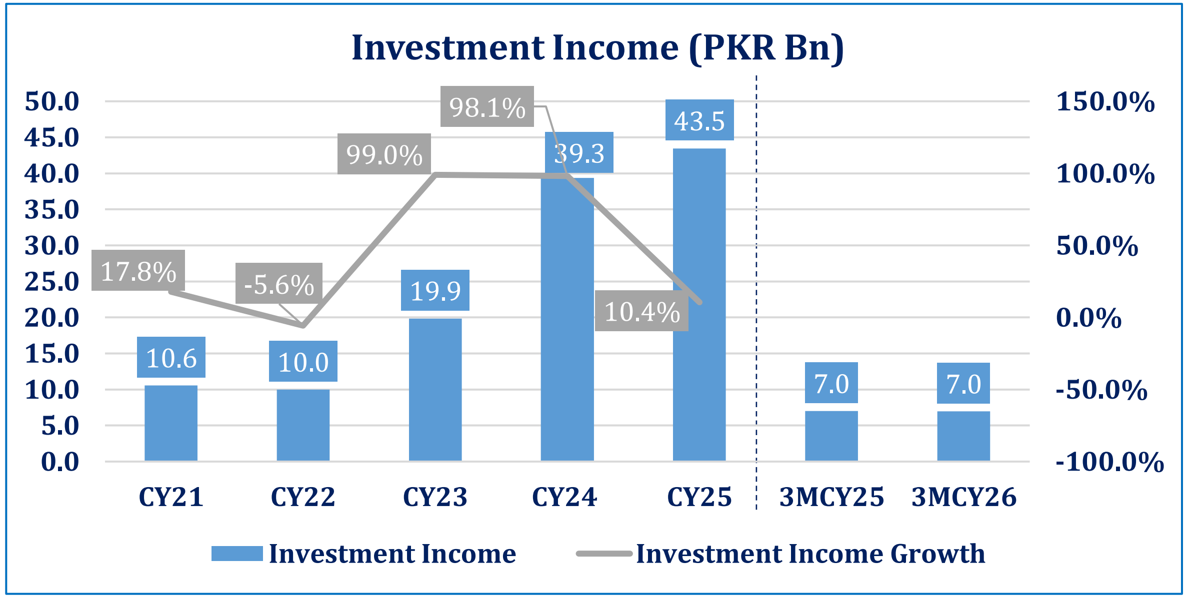
General Insurance

Business Risk | Profitability

- The Sector’s GPW reached PKR 245.2Bn in CY25, representing a YoY growth of ~11.5% (CY24: PKR ~220.0Bn). While moderating from the ~20.4% expansion recorded in CY24, the top line remained supported by a recovery in passenger car sales and market shift toward Shariah-compliant takaful products. This growth trajectory persisted into the 3MCY26, with GPW rising to PKR ~53.6Bn, a ~13.1% YoY growth from the PKR ~47.4Bn recorded in 3MCY25.

- Investment income remains the Sector's critical profit stabilizer, growing ~10.4% YoY to PKR ~43.4Bn in CY25 (CY24: PKR ~39.3Bn). Performance was primarily driven by significant capital gains on equity portfolios alongside robust yields from PIBs and T-Bills. In contrast, 3MCY26 investment income remained broadly flat at PKR ~7.0Bn. This is expected to remain volatile considering fluctuations in market. .





Note: *Data includes Takaful contribution. 3M figures for Return on Equity have been annualized.*

Source: IAP, Company Financials

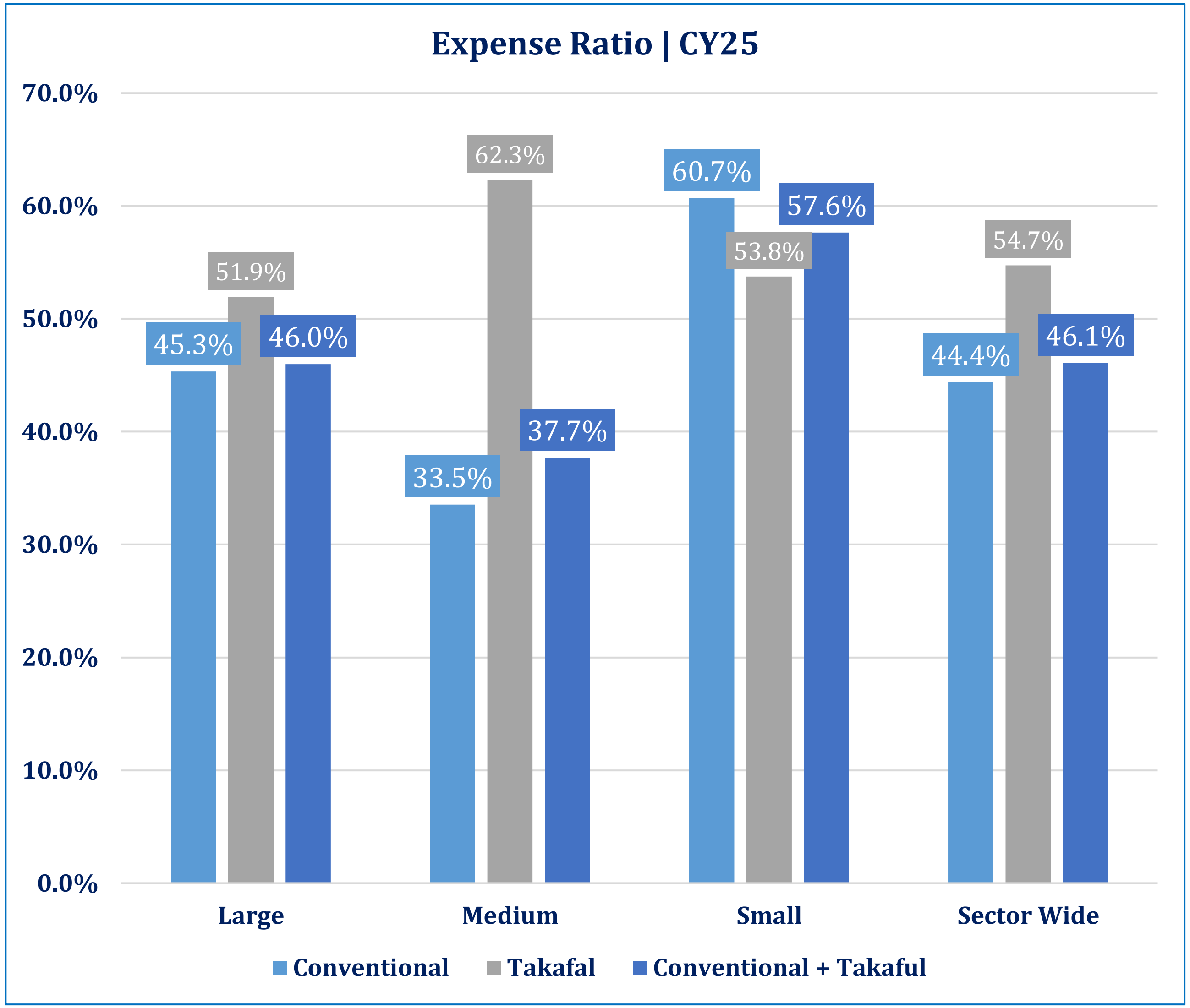
General Insurance

Financial Risk | Expense Ratio

- The expense ratio measures expenses incurred against net premiums earned, serving as a key efficiency indicator. A lower ratio reflects better cost management and stronger underwriting discipline.

- Expense pressures increased across the conventional segment during CY25, with the sector-wide expense ratio rising to ~44.4% (CY24: ~38.9%). Large conventional insurers recorded a notable increase to ~45.3% (CY24: ~37.1%), while small insurers continued to exhibit the highest expense burden at ~60.7% (CY24: ~56.1%). In contrast, medium-sized insurers reported a modest improvement, with the ratio declining to ~33.5% (CY24: ~36.7%).

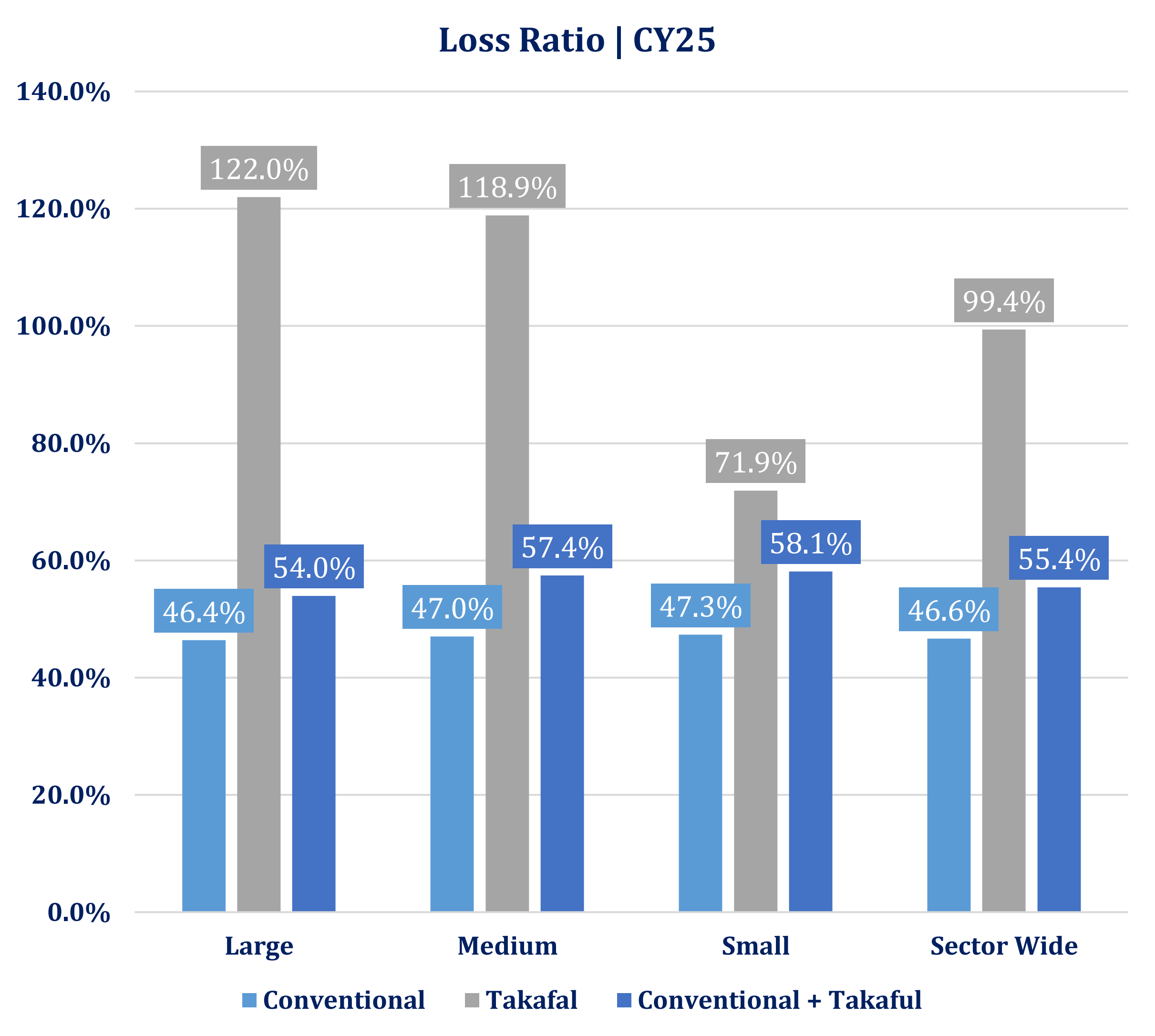
- The Takaful segment's expense ratio remained broadly stable at ~54.7% in CY25 (CY24: ~54.0%), continuing to exceed that of conventional insurers. Medium-sized Takaful operators recorded the highest ratio at ~62.3% (CY24: ~58.6%), while large operators remained broadly unchanged at ~51.9% (CY24: ~51.6%). Small operators reported a modest improvement to ~53.8% (CY24: ~56.4%). Overall, the ratios indicate persistently elevated cost structures across Takaful windows and dedicated Takaful operations relative to conventional peers.



General Insurance

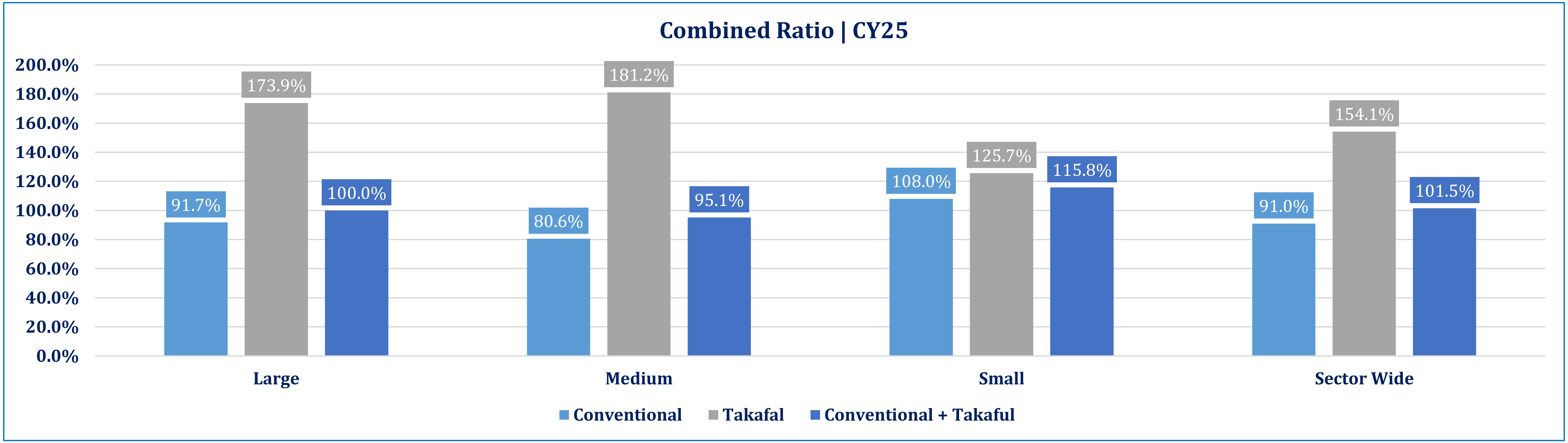
Financial Risk | Loss Ratio

- 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 conventional segment's loss ratio rose slightly to ~46.6% in CY25 (CY24: ~46.3%), with the small conventional players recording the highest at ~47.3% (CY24: ~47.3%), followed by medium and large players at ~47.0% (CY24: ~45.3%) and ~46.4% (CY24: ~41.0%), respectively.
- The Takaful segment's loss ratio deteriorated across all operator tiers, rising to ~99.4% on a sector-wide basis in CY25 (CY24: ~91.3%). Large and medium-sized Takaful operations recorded particularly elevated ratios of ~122.0% (CY24: ~108.1%) and ~118.9% (CY24: ~91.9%), respectively, indicating that claims exceeded earned contributions during the period. The ratio for small operators also increased materially to ~71.9% (CY24: ~50.4%), albeit remaining below those of larger segments. The sustained pressure may reflect comparatively limited risk pools and competitive contribution pricing, while any deficit in the participants' Takaful fund may require support through Qard-e-Hasan from the shareholders' fund.
- The combined Conventional and Takaful loss ratio increased across all tiers in CY25, with the sector-wide ratio rising to ~55.4% (CY24: ~51.2%). Small insurers recorded the highest ratio at ~58.1% (CY24: ~44.8%), followed by medium-sized insurers at ~57.4% (CY24: ~50.1%) and large insurers at ~54.0% (CY24: ~52.5%). The rise was most pronounced among small and medium segment, largely reflecting elevated loss ratios within their Takaful operations.



General Insurance

Financial Risk | Combined Ratio



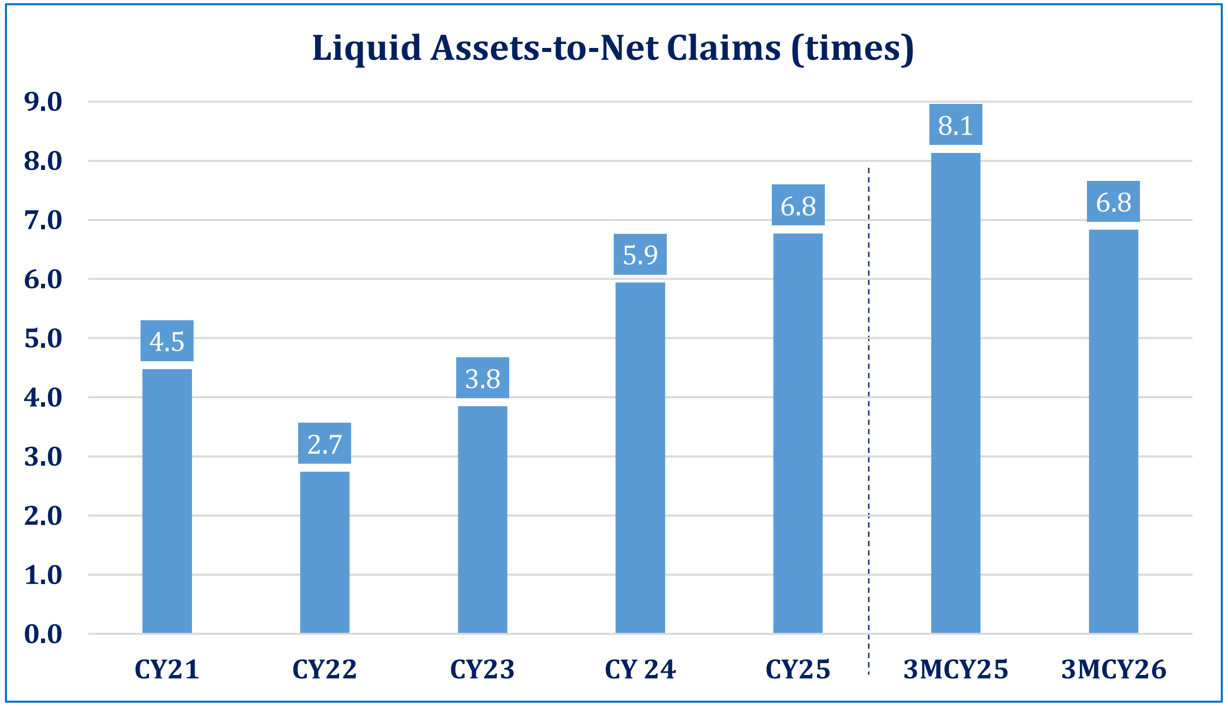
- The combined ratio (loss ratio plus expense ratio) gauges underwriting profitability; a reading below ~100% denotes an underwriting profit, while a level above ~100% signals an underwriting loss that must be absorbed by investment income.
- In CY25, the Sector's overall combined ratio stood at ~101.5%, indicating a marginal underwriting loss. Conventional operations remained profitable at ~91.0%, although small insurers recorded an elevated ratio of ~108.0%. In contrast, all Takaful tiers reported underwriting losses, with the segment-wide ratio reaching ~154.1% and medium-sized operators recording the highest ratio at ~181.2%, reflecting significant claims and expense pressures.

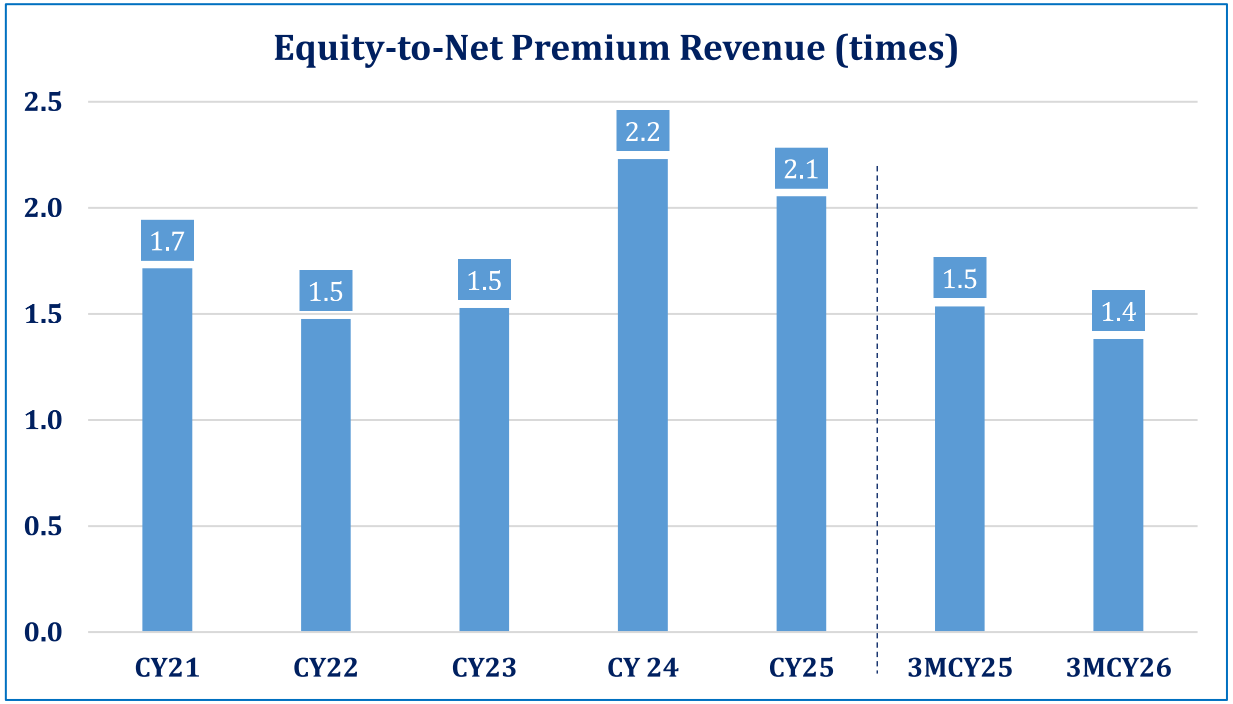
General Insurance

Local | Financial Risk

- The Sector's Liquid Assets-to-Net Claims ratio rose to ~6.8x in CY25 (CY24: ~5.9x), as the ~22.6% YoY growth in liquid assets to PKR~384.8Bn (CY24: PKR~313.9Bn) outpaced the ~7.6% YoY growth in net claims to PKR~56.8Bn (CY24: PKR~52.8Bn). This indicates stronger liquidity buffer for the sector, providing a comfortable cushion against claims outflows. In the three-month period, the ratio remained at ~6.8x in 3MCY26 (3MCY25: ~8.1x).

- In CY25, the Sector's Equity-to-Net Premium Revenue ratio moderated to ~2.1x in CY25 (CY24: ~2.2x), as net premium growth of ~25.5% YoY to PKR~129.5Bn (CY24: PKR~103.2Bn) outpaced equity expansion of ~14.2% YoY to PKR~262.7Bn (CY24: PKR~230.0Bn. In the three-month period, the ratio remained broadly stable at ~1.6x in 3MCY26 (3MCY25: ~1.5x).





Note: *Data includes Takaful contribution. 3M figures have been annualized.*

Source: IAP, Company Financials

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'11)
    2. Insurance Rules, 2017 (amended up to Mar'25)
    3. Corporate Insurance Agents Regulations, 2020
- As per these regulations, the Minimum Capital Requirement for Non-Life Insurers has been increased to PKR~2.0Bn, while for a Non-Life Digital-Only Insurer the minimum paid-up capital requirement is PKR~100.0Mn, 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~150.0Mn;
    2. ~20% of its earned premium revenue in the preceding 12 months, net of reinsurance expense subject to a maximum deduction for reinsurance of 50% 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.

Source: SECP

General Insurance

Minimum Paid-up Capital Requirement for Insurers

Type of Insurer	Applicable prior to By End-Dec’26 (PKR Mn)	By End-Dec’26 (PKR Mn)	By End-Dec’28 (PKR Mn)	By End-Dec’30 (PKR Mn)
Non-Life Insurer	500	1,000	1,500	2,000

Note: *Minimal Paid –up capital requirement pertains to S.R.O.310(I)/2025.*

Source: SECP

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
Elevate the Individual lives covered under individual life polices to greater than 15.
Enhance the Insurance Penetration Rate from current rate of 0.87% to 1.5%.
Increase in Takaful contribution to more than 30%.
Expand the coverage of Motor Third-Party Liability (MTP) insurance to encompass more than 20%.
Raise the Local Retention to exceed more than 60%.
Augment the digital distribution channel's market share to surpass 5%
Facilitate the availability of agriculture insurance for non-loanee farmers.
Promote the introduction of disaster insurance products.

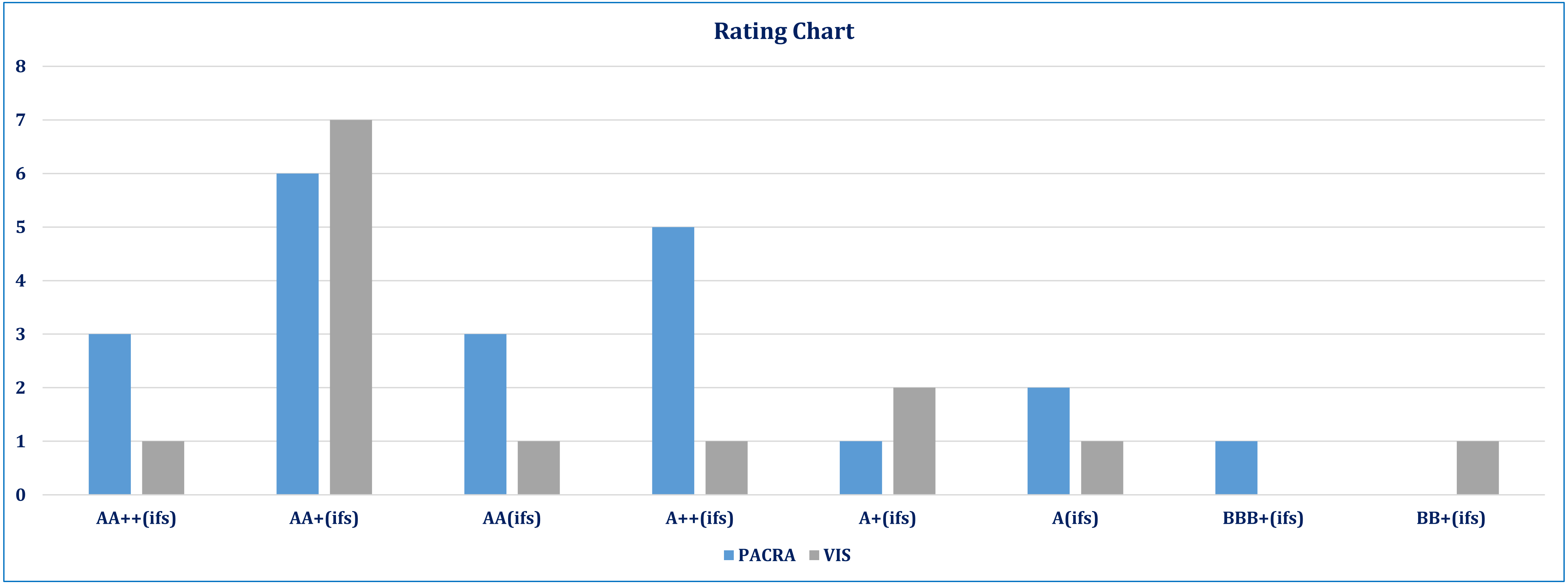
Strategic Outcomes
Achieve premium growth from PKR~553Bn to PKR~1,221Bn by CY28.
Effectively lower the overall cost associated with regulatory compliances.
Successfully implement Risk-Based Capital (RBC).
Amended Insurance Ordinance.
Settlement of Sales Tax issue.
Digitalized regulatory approval.
Successfully implementation of International Financial Reporting Standards 17 (IFRS-17).
Substantially reduce the ratio of customer complaints.

Source: SECP

General Insurance

Rating Curve

- PACRA rates 21 General Insurance companies under the Insurer Financial Stability Rating (IFS) Assessment Framework in the bandwidth of AA++ (ifs) and BB+ (ifs).



General Insurance

SWOT Analysis

Strengths

- 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).

Weaknesses

- Inadequate awareness about Insurance policies among some segments of the population.
- Low Insurance penetration.
- Lack of financial literacy.

Threats

- Political and Economic uncertainty.
- Natural disasters due to environmental changes may impact adversely.
- Investment income volatility

Opportunities

- Sufficient room for growth
- Employing digital technology infrastructure.
- Expanding Takaful and Microinsurance Markets.

General Insurance

Outlook: Stable

- Pakistan's GDP (nominal) in FY26 reached PKR ~126.9Tn, reflecting a YoY growth of ~11.3% in nominal terms, compared to ~8.3% in FY25. Within the economy, the industrial sector accounted for ~18.1% of GDP, while the services sector contributed the largest share at ~58.4%. Looking ahead, the GoP has projected real GDP growth of~4.0% for FY27.
- The market size of the General Insurance Sector, in terms of Gross Premium Written (GPW), had grown ~11.5% YoY to PKR~245.2Bn in CY25 (CY24: PKR~220.0Bn), with Net Premium Written rising ~17.5% YoY to PKR~102.2Bn (CY24: PKR~87.0Bn). This momentum carried into 3MCY26, with GPW recording a ~13.1% YoY increase to PKR~53.6Bn (3MCY25: PKR~47.4Bn), while NPW grew ~24.8% YoY to PKR~33.4Bn (3MCY25: PKR~26.8Bn), reflecting improved retention across the Sector.
- For CY25, the Sector's net claims had risen ~7.6% YoY to PKR~56.8Bn (CY24: PKR~52.8Bn), with the Liquid Assets-to-Net Claims ratio rising to ~6.8x (CY24: ~5.9x). This trend continued in 3MCY26, with net claims rising ~37.4% YoY to PKR~13.6Bn (3MCY25: PKR~9.9Bn), contracting the ratio further to ~6.8x (3MCY25: ~8.1x), indicating a gradually thinning, though still comfortable, liquidity cushion. At the industry level, the Sector's expense ratio held broadly stable at ~46.0% in CY25, while the loss ratio deteriorated to ~55.6%, pushing the combined ratio to ~101.6% and placing the Sector in an overall underwriting loss position, driven primarily by elevated claims within the takaful segment.
- Investment income had stood at PKR~43.5Bn in CY25, a ~10.4% change YoY (CY24: PKR~39.3Bn). This remained broadly stable into 3MCY26 at PKR~7.0Bn, declining marginally by ~0.7% YoY, as gains from equity investments normalized while recurring returns from fixed-income securities remained steady.
- Regulatory momentum is set to reshape the Sector's growth trajectory, with Sindh's enforcement of mandatory Motor Third-Party Liability insurance through the Motor Vehicles (Amendment) Act, 2026, supported by SECP's Motor Insurance Repository for real-time policy verification, is expected to expand the insured vehicle base meaningfully while the emergence of digital distribution platforms such as Easypaisa's Insurance marketplace could further widen retail access to motor, health, and travel products, particularly among previously uninsured and underserved segments
- The Sector's ongoing transition to IFRS 17 and a phased Risk-Based Capital (RBC) regime under SECP's five-year "Journey to Insured Pakistan" plan (targeting penetration of ~1.5% of GDP by CY28) is set to raise compliance costs in the near term, particularly for smaller players, but is expected to improve transparency and consumer confidence over the medium term in a Sector where non-life penetration remains at just ~0.2% of GDP. Additionally, the General Takaful segment continues to gain traction with GPW of PKR~41.7Bn in CY25, supported by government-backed schemes and growing preference for Shariah-compliant coverage. Separately, Jazz's acquisition of TPL Insurance could accelerate digital and embedded insurance distribution by leveraging its extensive customer base, thereby widening retail access and intensifying competition across the Sector. On balance, while near-term profitability faces pressure from rising claims and moderating investment returns, mandatory motor insurance enforcement, a strengthening regulatory framework, expanding Takaful footprint, and emerging digital-led distribution models are expected to underpin a stable sectoral outlook.

General Insurance

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