



Life Insurance

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Global | Overview

- Life Insurance is a legally binding contract between a policyholder and an insurer, whereby the insurer provides financial protection in exchange for regular premium payments. Depending on the policy terms, the insurer may pay a lump sum amount, installments or other benefits to designated beneficiaries upon the insured's death, or provide benefits to the policyholder during their lifetime, such as maturity proceeds, savings accumulation or investment-linked returns.
- There are two primary types of life insurance: term and permanent. Term Life Insurance offers coverage for a defined period, while permanent life insurance provides lifelong protection (often with an added cash value component).
- Globally, the top 50 life insurers held cumulative claim reserves of USD ~17.2Tn as of CY25 (SPLY: USD ~13.1Tn). As detailed in the adjacent table, the ten largest global players accounted for ~35.9% of the top 50's aggregate reserves during the period (SPLY: ~33.5%), reflecting a modest concentration in reserve holdings among the leading firms.
- Among the global top 10, China Life Insurance Co. Ltd. leads with claim reserves of USD ~798.1Bn, followed closely by Allianz SE (USD ~769.2Bn) and Ping An Insurance Group (USD ~683.0Bn). China, the USA, and Canada are the most represented nations across the rankings.

Global Top 10 Companies (CY25)			
Rank	Company	Country	Reserves (USD Bn)
1	China Life Insurance Co. Ltd.	China	798.1
2	Allianz SE.	Germany	769.2
3	Ping An Insurance (Group) Co. of China Ltd.	China	683.0
4	Prudential Financial Inc.	USA	633.7
5	Manulife Financial Corp.	Canada	589.0
6	MetLife Inc.	USA	576.5
7	Life Insurance Corp. of India	India	566.0
8	Legal & General Group PLC	UK	525.6
9	Great-West Lifeco Inc.	Canada	516.4
10	Nippon Life Insurance Co.	Japan	510.8
	Total		6,168.3

Note: Companies are ranked by CY25 life and accident & health reserves. Life and accident & health reserves generally represent a liability to provide for future commitments under outstanding policies.

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Global | Outlook

- The global Insurance Sector expanded by ~7.1% YoY in CY25, compared with a CAGR of ~5.6% during CY15–25. During CY25, total global insurance premiums reached USD ~7.8Tn, comprising USD ~3,229Bn from Life Insurance, USD ~2,619Bn from property and casualty (P&C) insurance, and USD ~1,905Bn from health insurance. Premiums across the life, P&C, and health segments increased by ~6.9%, ~3.8%, and ~12.3% YoY, respectively, with health Insurance recording the strongest growth during the year.
- In CY25, Asia remained the largest Life Insurance market, contributing ~35.6% of global life premiums, with ~9.9% YoY growth, primarily driven by China and India. North America ranked second with total life premium collection of USD ~929Bn, accounting for ~27.7% of the global market share, though growth moderated to ~3.2% YoY as the post-rate-hike annuity boom began fading. Western Europe followed with USD ~789Bn in life premiums, recording a growth rate of ~6.5% YoY.
- Life Insurance forms an important part of the social protection in most countries across the globe. Increasing geopolitical fragmentation, demographic change and climate-related affordability pressures are few major challenges facing the Sector. Moreover, new technologies like digital platforms, Artificial Intelligence (AI) and integration across technologies and products are having a tremendous impact on the business model, transforming the entire value chain from underwriting to claims handling for insurers.
- The global Insurance market is expected to maintain its growth trajectory, with premiums projected to expand at an annual rate of ~5.3% and the global premium pool expected to grow by USD ~5,944Bn by CY36. Asia and China are predicted to generate more than half (~53%) of this incremental pool. The Life Segment is expected to lead absolute contributions at USD ~2,250Bn, while health insurance is forecasted to be the fastest-growing segment at ~6.7% through CY36, driven by rising medical costs and unmet demand (particularly across Asia).

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Local Macro Economic Indicators | Annual

Monetary Sector	FY16	FY17	FY18	FY19	FY20	5-Year Avg	FY21	FY22	FY23	FY24	FY25	5-Year Avg	11MFY25	11MFY26
Avg. Inflation Rate (%)	2.9%	4.2%	3.9%	7.3%	10.7%	5.8%	8.9%	11.4%	29.2%	23.4%	4.5%	15.5%	4.6%	6.7%
Avg. KIBOR (%)	6.5%	6.1%	6.4%	10.4%	12.0%	8.3%	7.4%	10.8%	18.3%	21.9%	13.9%	14.5%	14.1%	11.1%
Monetary Policy Rate*	5.8%	5.8%	6.5%	12.3%	7.0%	7.5%	7.0%	13.8%	22.0%	20.5%	11.0%	14.9%	11.0%	11.5%
Avg. PKRV (%)	6.3%	6.0%	6.3%	10.2%	11.8%	8.1%	7.3%	10.7%	18.1%	21.7%	13.6%	14.3%	13.8%	10.9%
Avg. Exchange Rate (USD/PKR)	104.4	104.8	110.1	136.5	158.4	122.8	160.5	191.9	247.7	283.2	279.3	232.5	279.0	280.7

Note: Trade data includes Goods and Services; FX Reserves are SBP Gross Reserves. Monetary Policy Rate figures pertain to period end, instead of averages.

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Local Macro Economic Indicators | Monthly

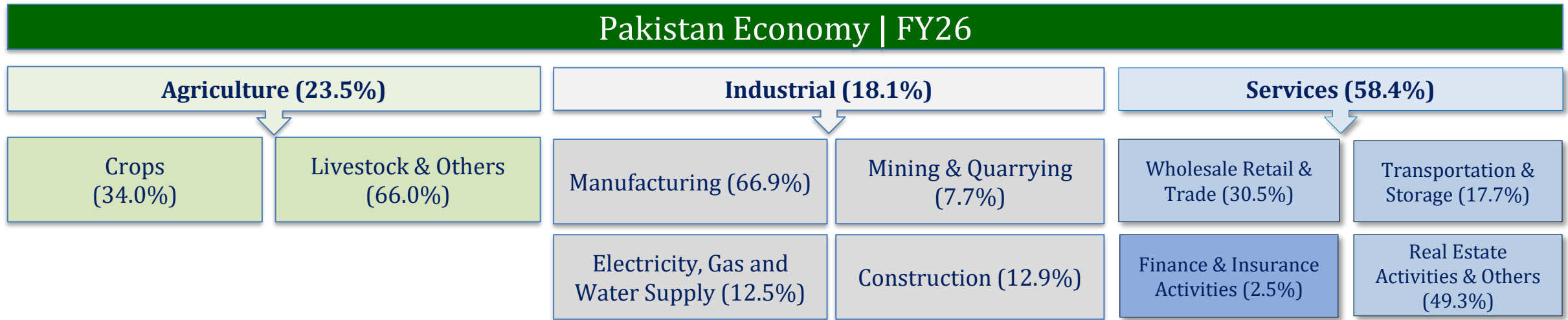
Monetary Sector	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Avg. Inflation (%) (Headline CPI)	0.7%	0.3%	3.5%	3.2%	4.1%	3.1%	5.8%	6.2%	6.1%	5.6%	5.8%	7.0%	7.3%	10.9%	11.7%
Avg. KIBOR (%)	12.0%	12.1%	11.5%	11.2%	11.0%	11.1%	11.1%	11.2%	11.2%	10.9%	10.4%	10.6%	11.1%	11.6%	12.2%
Monetary Policy Rate (%) (period-end)	12.0%	12.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.5%	10.5%	10.5%	10.5%	11.5%	11.5%
Avg. PKRV (%)	11.8%	11.9%	11.3%	11.0%	10.8%	10.8%	10.9%	11.0%	11.0%	10.7%	10.1%	10.4%	11.1%	11.5%	12.2%
Avg. Exchange Rate (USD/PKR)	280.1	280.7	281.7	283.1	284.2	282.2	281.5	281.1	280.7	280.3	280.0	279.6	279.3	279.0	278.6

Note: Trade data includes Goods and Services; FX Reserves are SBP Gross Reserves.

Life Insurance

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%).



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Local | Overview

- The market size of local Life Insurance Sector, in terms of Gross Premium Written (GPW), was recorded at PKR~496.9Bn in CY25, up ~13.8% YoY (CY24: PKR~436.7). The Public (Conventional) Life Insurance segment, during the period accounted for ~58.6% share, with GPW amounting to PKR~291.2Bn, a YoY growth of ~8.8%. Meanwhile, private segment's share (Conventional and Takaful) clocked in at ~41.4%, with GPW amounting to PKR~205.7Bn, up ~21.7% YoY.
- The local Life Insurance Sector's GPW was PKR ~109.3Bn in 3MCY26, reflecting a ~5.3% YoY change (3MCY25: PKR ~103.8Bn). The public (conventional) segment constituted ~52.2% of total GPW (PKR ~57.1Bn), while the private segment (conventional & takaful) accounted for the remaining ~47.8% (PKR ~52.2Bn).
- As of end-Mar'26, the Sector comprised 11 operational companies, including 9 private-sector and 2 public-sector insurers. Among the private-sector players, three operate as dedicated family takaful companies, while the remaining six are conventional Life insurers that also offer takaful products through Window Takaful Operations.
- Pakistan's Life Insurance Sector remains underpenetrated relative to regional peers, including India (~2.7%), but has sustained double-digit GPW growth, supported by higher individual policy uptake, rising household incomes, and stronger consumer confidence. Takaful expansion and regulatory reforms, including IFRS 17 adoption and risk-based capital requirements, support further structural deepening.

Figures in PKR Mn, unless stated otherwise

Sector Overview	CY24	CY25	3MCY25	3MCY26
Gross Premium Written (GPW)	436,709	496,919	103,819	109,329
Growth (YoY)	22.0%	13.8%	-	5.3%
Public Sector (Share in GPW) (%)	61.3%	58.6%	57.3%	52.2%
Private Sector (Share in GPW) (%)	38.7%	41.4%	42.7%	47.8%
No. of Firms By Type				
Private - Conventional	06	06	06	06
Private - Takaful	03	03	03	03
Private - Total	09	09	09	09
Public - Conventional	02	02	02	02
Total No. of Companies	11			
Regulator	Securities & Exchange Commission Of Pakistan (SECP)			
Association	The Insurance Association of Pakistan (IAP)			

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Sector Dynamics | Overview

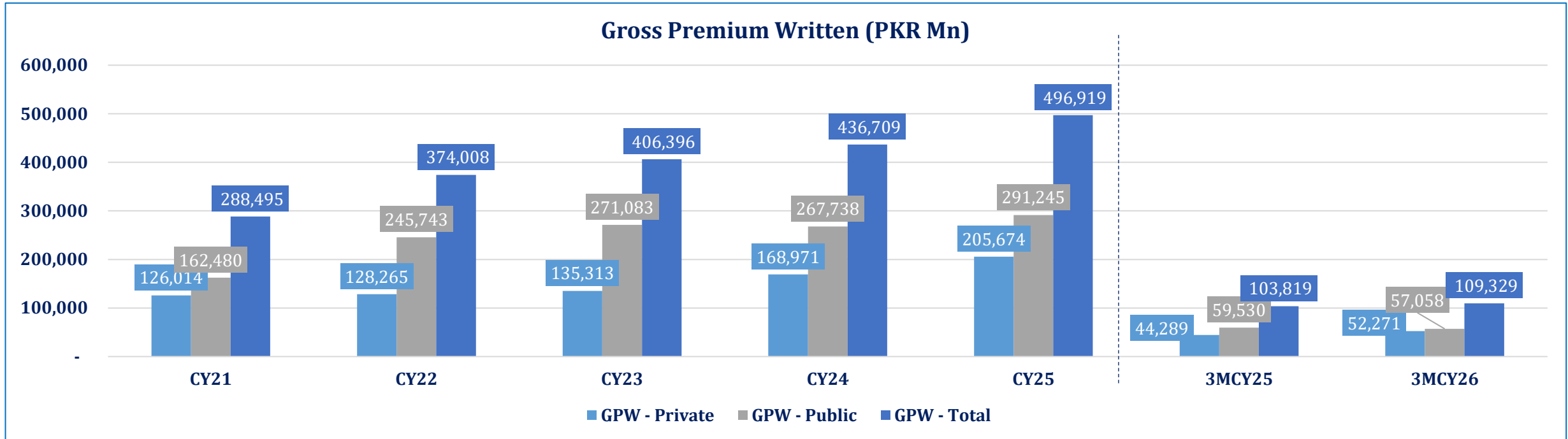
Sr.	Insurance Companies	CY23		CY24		CY25		3MCY26	
		GPW	Market Share	GPW	Market Share	GPW	Market Share	GPW	Market Share
		(PKR Mn)	(%)	(PKR Mn)	Share (%)	(PKR Mn)	(%)	(PKR Mn)	(%)
Private - Conventional									
1	Jubilee Life	46,113	11.3%	48,713	11.2%	59,085	11.9%	17,238	15.8%
2	EFU Life	37,443	9.2%	41,835	9.6%	57,744	11.6%	15,690	14.4%
3	Adamjee Life	23,351	5.7%	30,969	7.1%	36,479	7.3%	8,242	7.5%
4	IGI Life	7,992	2.0%	13,493	3.1%	14,105	2.8%	2,644	2.4%
5	Askari Life	1,614	0.4%	2,018	0.5%	3,277	0.7%	1,230	1.1%
6	TPL Life	436	0.1%	386	0.1%	506	0.1%	189	0.2%
	Sub-total	116,949	28.8%	137,414	31.5%	171,196	34.5%	45,233	41.4%
Public - Conventional									
7	State Life	268,879	66.2%	265,268	60.7%	289,329	58.2%	57,058	52.2%
8	Postal Life	2,204	0.5%	2,470	0.6%	1,916	0.4%	NA	NA
	Sub-total	271,083	66.7%	267,738	61.3%	291,245	58.6%	57,058	52.2%
Private - Takaful									
9	Pak Qatar Family	16,297	4.0%	28,817	6.6%	30,030	6.0%	7,038	6.4%
10	Dawood Family	1,887	0.5%	2,180	0.5%	2,632	0.5%	NA	NA
11	5th Pillar Takaful	180	0.0%	560	0.1%	1,816	0.4%	NA	NA
	Sub-total	18,364	4.5%	31,557	7.2%	34,478	6.9%	7,038	6.4%
	Grand Total	406,396	100.0%	436,709	100.0%	496,919	100.0%	109,329	100.0%

Note: The GPW for Postal Life is prorated from 6MCY25.

Source: IAP, Company Financials

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Local | Premium Growth

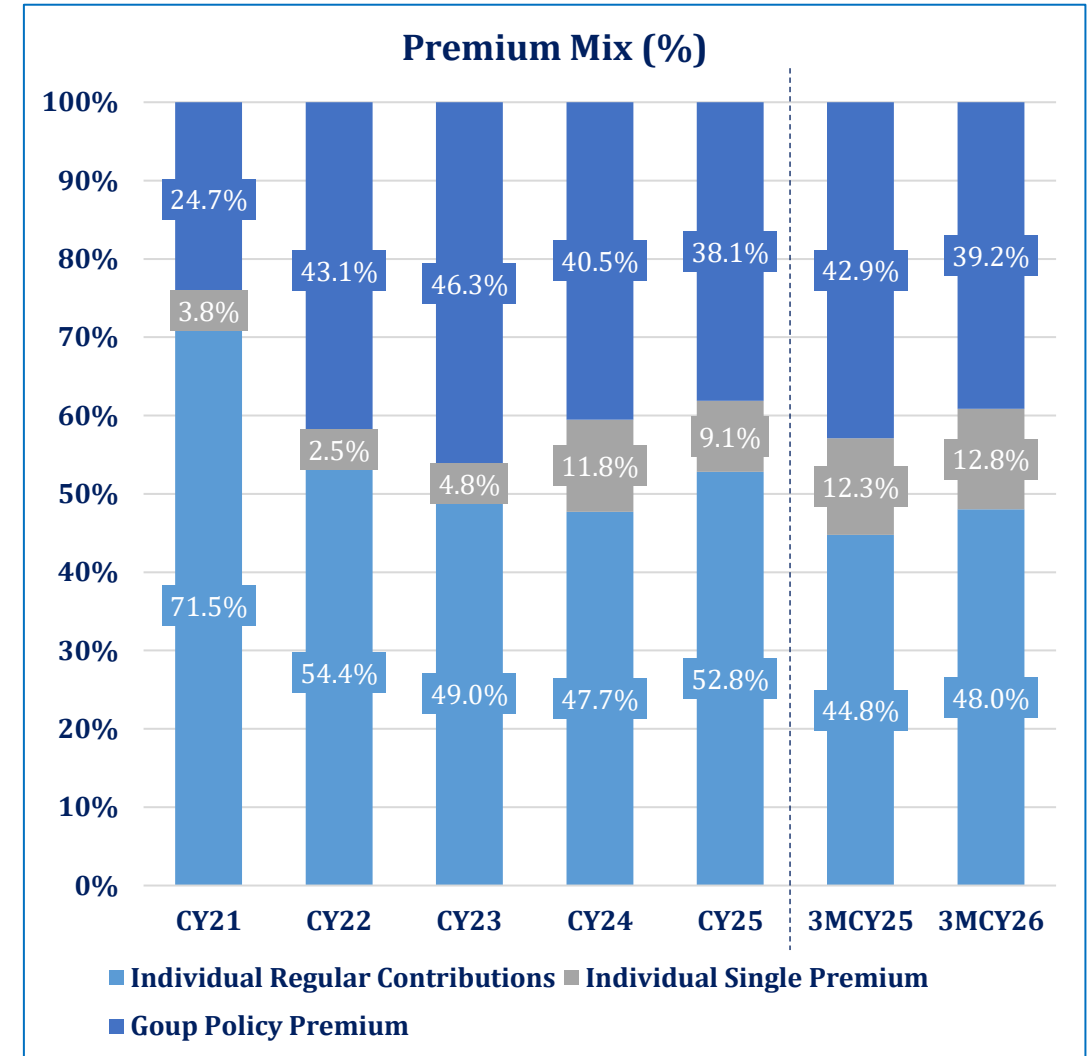


- Total GPW growth in 3MCY26 marked a clear shift in the Sector's mix, turning entirely Private-driven (PKR ~44.3Bn in 3MCY25 to ~52.3Bn, +~18.1% YoY), while the Public segment slipped from ~PKR 59.5Bn to ~57.1Bn. This positions the Private segment as the Sector's primary growth engine heading into CY26.
- This builds on a longer trend of sustained expansion over CY21–CY25 where share of public sector has been reducing. Total Sector GPW grew at a ~14.6% CAGR, rising from PKR ~288.5Bn to ~496.9Bn. The earlier years were Public-led, conventional GPW surged in CY22 after which the Private segment regained momentum, recovering its share from a ~33% trough in CY23 to ~41% by CY25.

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Local | Premium Mix

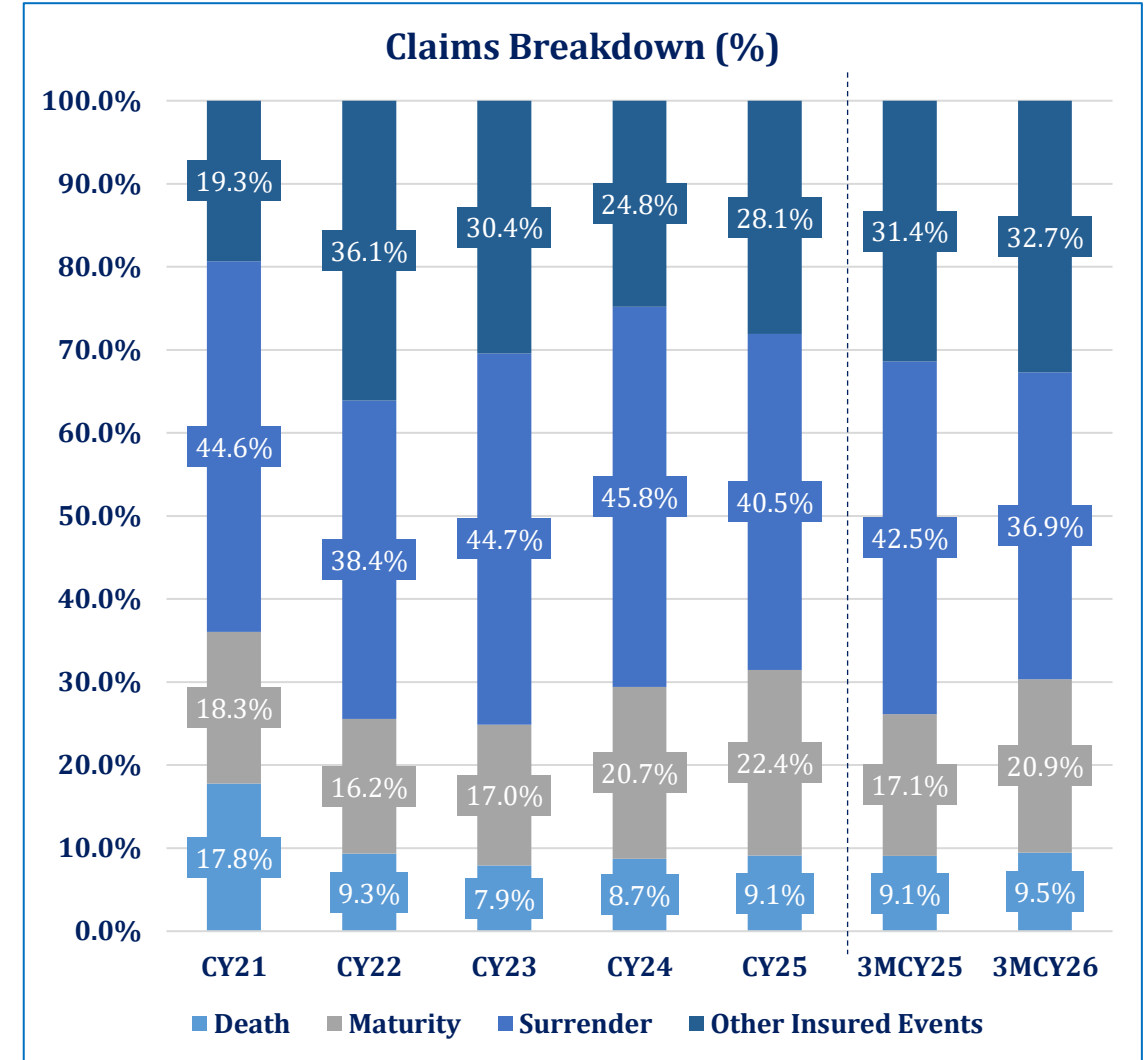
- In CY25, individual regular contributions recovered to ~52.8% of the premium mix (CY24: ~47.7%), supported by sharply lower inflation as average CPI eased to ~3.5% from ~13.1% which restored household purchasing power, alongside continued expansion of the bancassurance channel that predominantly distributes individual regular-premium plans. In 3MCY26, the share stood at ~48.0% (3MCY25: ~44.8%), a modest improvement indicating the recovery is broadly sustaining.
- Individual single premiums declined to ~9.1% of the premium mix in CY25 (CY24: ~11.8%), reflecting a lower contribution from one-off policies relative to recurring premiums during the year. The share subsequently rose marginally to ~12.8% in 3MCY26 (3MCY25: ~12.3%), likely due to the early recognition of a limited number of sizeable policies. As regular individual and group premiums accumulate over the remainder of the year, the single-premium share may moderate.
- Group policy premiums accounted for ~38.1% of the mix in CY25 (CY24: ~40.5%), with the softer share reflecting faster growth in individual regular contributions rather than any absolute weakening. Group volumes remain anchored by employer and institutional arrangements, including large public-sector group schemes written by the dominant public insurer. In 3MCY26, the share stood at ~39.2% (3MCY25: ~42.9%).



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Local | Claims Breakdown

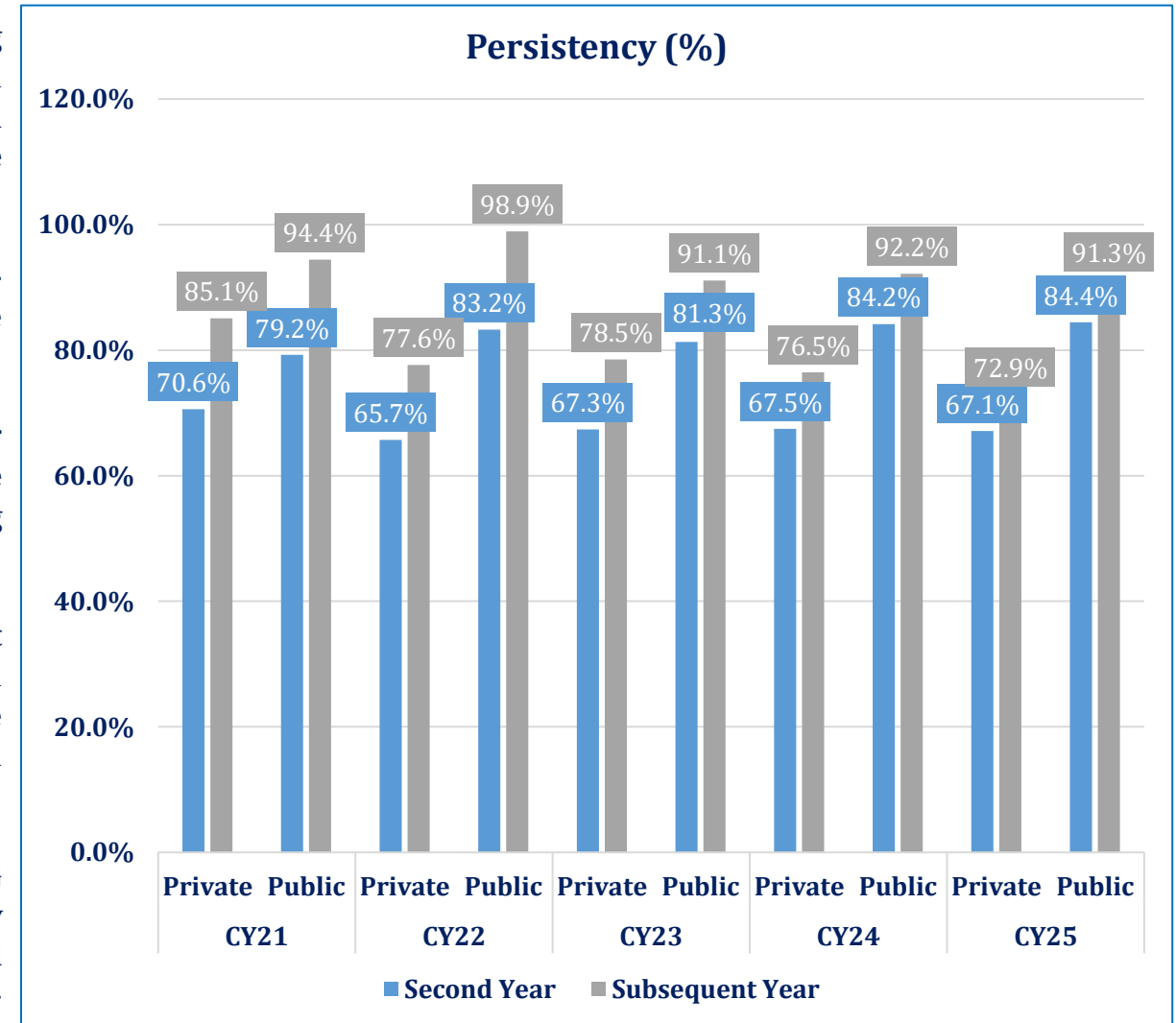
- Gross claims of the Sector rose by ~7.3% YoY in CY25, amounting to PKR ~412.7Bn (CY24: PKR ~384.7Bn). Private segment's total gross claims accounted for ~44.6% of the total claims during the year (CY24: ~39.2%), recording at PKR~183.9Bn (CY24: PKR~ 150.8Bn). Player-wise, Jubilee and EFU Life Insurance accounted for ~31.5% and ~28.6% of total private segment claims, respectively. On the other hand, the total claims reported by the public segment stood at PKR ~228.8Bn (PKR ~233.9Bn).
- During CY25, "Surrender" claims formed the highest share of total claims at ~40.5% (SPLY: ~45.8%). In absolute terms, these stood at PKR~165.3Bn (CY24: PKR~173.3), down ~4.6% YoY. This decline mainly came on the back of ~29.8% & ~16.6% YoY lower "Surrender" claims for State Life & Jubilee Life for the respective period. Meanwhile, claims by "Maturity" recorded the highest yearly increase, rising ~16.6% YoY, to record at PKR ~91.4Bn (SPLY: PKR ~78.4Bn), mainly due to higher "Maturity" claims by State Life & Adamjees Life. Claims by "Death" recorded at PKR ~37.2Bn from PKR ~33.0Bn in CY24. "Other Insured Events" rose from ~24.8% in CY24 to ~28.1% in CY25, suggesting a rise in claims from additional riders such as critical illness or disability benefits.
- For 3MCY26, "Death" claims remained nearly flat (~9.1% to ~9.5%), while "Maturity" rose from ~17.1% to ~20.9%, indicating more policies reaching term. "Surrender" claims declined from 42.5% to 36.9%, suggesting policyholders are less likely to exit their policies early in the year.



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Local | Persistency

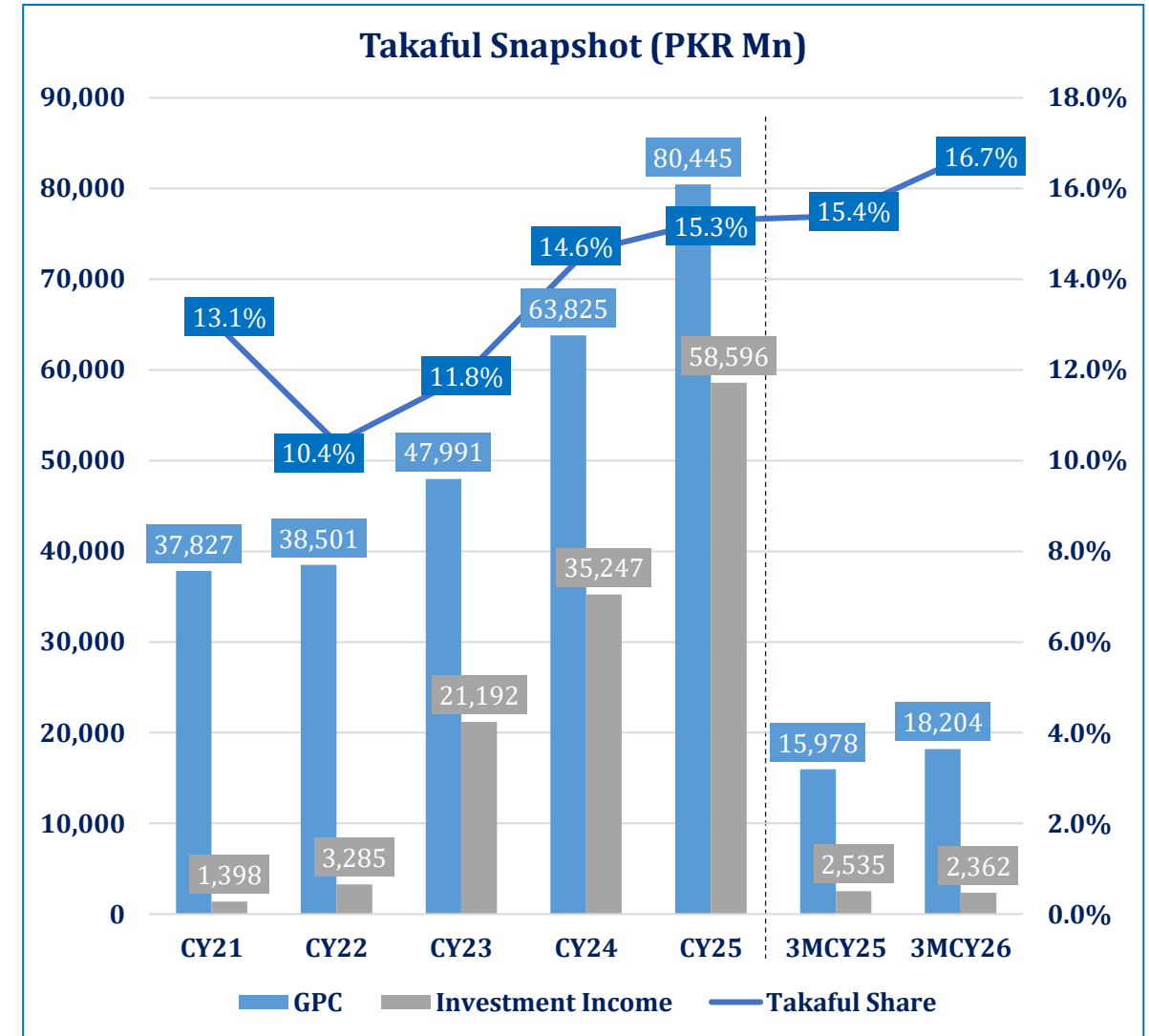
- Persistency measures the proportion of policyholders who continue paying renewal premiums. This serves as a key indicator of customer retention and policy quality for Life insurers. While analyzing the recent five years trend (CY21–CY25), the public segment has consistently outperformed the private segment in both second-year and subsequent-year persistency.
- Private segment second-year persistency remained largely flat at 67.5% in CY24 and 67.1% in CY25, while subsequent-year persistency saw a modest decline from 76.5% to 72.9%, suggesting a slight softening in longer-term retention.
- Public segment maintained notably stronger retention, with second-year persistency improving from 84.2% in CY24 to 84.4% in CY25, while subsequent-year persistency dipped marginally from 92.2% to 91.3%, reflecting broadly stable policyholder loyalty and trust.
- Much of the public–private gap is structural, reflecting differences in product composition and distribution channels. The public segment favors traditional endowment and government-linked policies, which are held longer and lapse less. The private segment leans on bancassurance and savings/unit-linked plans, more readily discontinued when budgets tighten.
- Budget 26-27 taxes early Life Insurance/Takaful payouts under Section 7G (~15% within one year, 10% up to seven years, exempt thereafter) directly penalizes the early surrenders common in the private segment, which should encourage longer retention there, while the public segment's already long-duration products remain largely unaffected.



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Takaful Snapshot

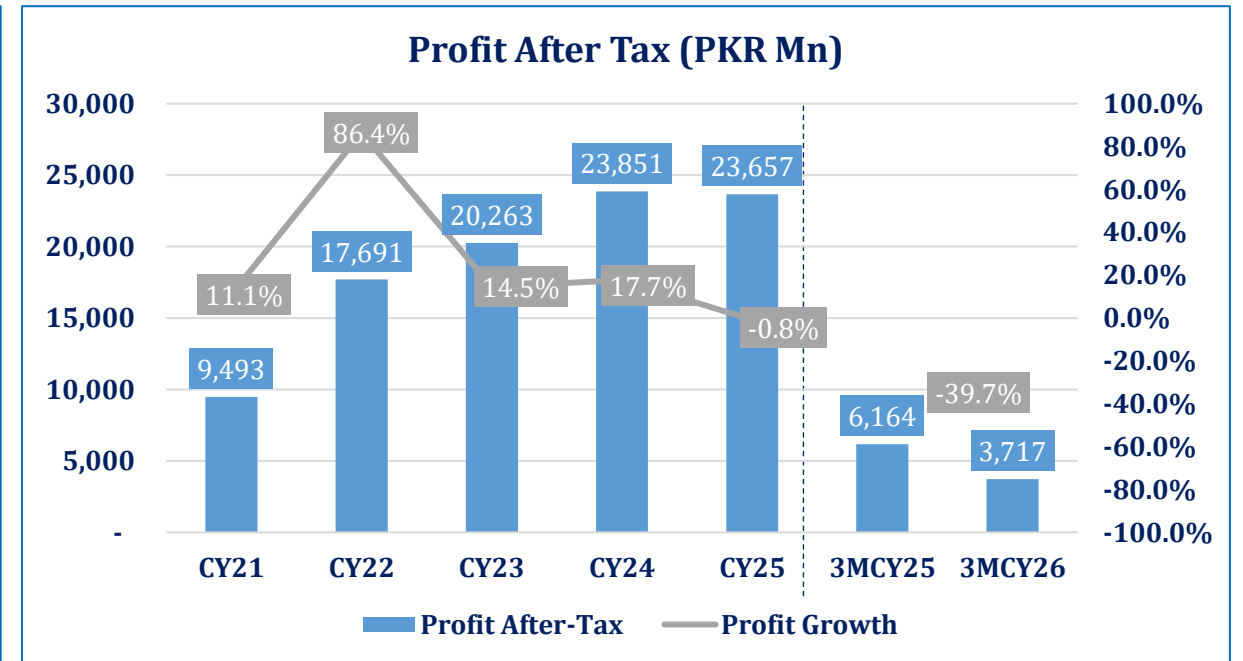
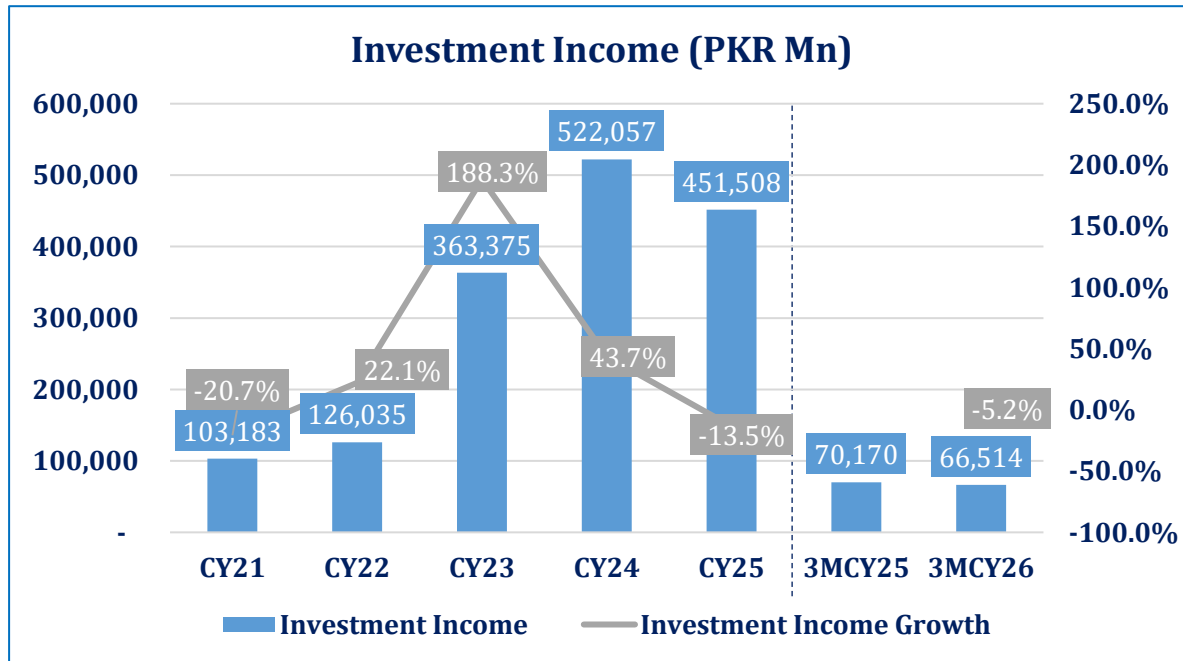
- While all Sector players offer Window Takaful Operations, only 3 dedicated takaful Life Insurance companies operate in Pakistan. Of the segment's total CY25 GPC of PKR~80.5Bn, dedicated takaful companies contributed ~42.9%, down from ~49.4% in CY24, as window takaful operations which are backed by conventional insurers' existing distribution and scale continue to grow faster, a trend likely to persist into CY26.
- The Takaful segment formed ~15.3% of the Sector's total GPW in CY25 (SPLY: ~14.6%), likely reflecting a growing preference for Shariah-compliant products. The GPC of Takaful segment grew by ~26.0% YoY (SPLY: ~33.0% YoY) and stood at PKR~80.5Bn (SPLY: PKR~63.8Bn).
- The segment's investment income, including other comprehensive income, also increased by ~66.2% YoY in CY25 and recorded at PKR ~58.6Bn (SPLY: PKR ~35.3Bn). The surge in investment income was primarily driven by capital gains on Sukuk holdings, as falling interest rates in CY25 pushed their market prices higher.
- Notably, investment income has surged from ~4% of GPC in CY21 to ~73% in CY25, underscoring the segment's rising reliance on Sukuk-driven capital-market returns. This dependence appears largely interest rate driven as in 3MCY26, GPC grew ~14% YoY to PKR ~18.2Bn while investment income declined ~7% to PKR ~2.4Bn (~13% of GPC), indicating the CY25 surge was a non-recurring gain now normalizing as interest rates stabilize.



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Local | Business Risk

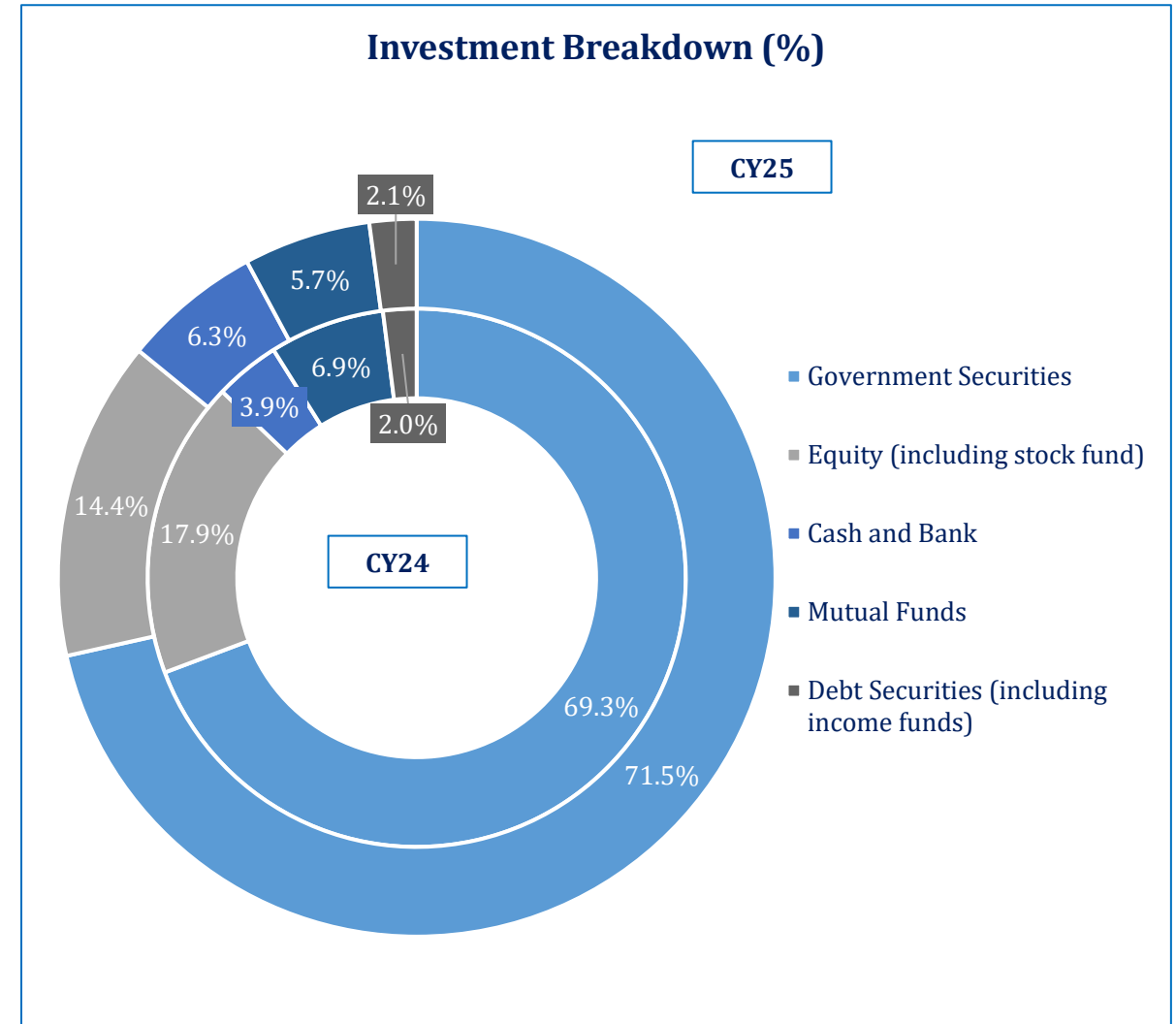
- Investment income declined from PKR 522.1 Bn in CY24 to PKR 451.5 Bn in CY25, a drop of 13.5%, largely reflecting the State Bank of Pakistan's monetary easing cycle, which brought the policy rate down from 20.5% in End-Jun'24 to 11.0% as of End-Jun'25 (a reduction of 950 basis points) significantly compressing yields on fixed-income portfolios. Despite a PKR ~70.5Bn fall in investment income in CY25, Sector PAT was broadly flat at PKR ~23.7Bn, reflecting strong premium growth and the structural insulation of shareholder profit, as most investment income accrues to policyholder funds.
- On the other hand, Profit-After-Tax (PAT) for the Sector fell ~0.8% YoY in CY25, recording at PKR~23.7Bn (SPLY: PKR~23.9Bn). Notably, in 3MCY26 a modest ~5.2% decline in investment income coincided with a ~39.7% fall in PAT, signaling emerging pressure on core margins (claims/expense growth) which is an early CY26 risk to monitor.



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Business Risk | Investment Portfolio

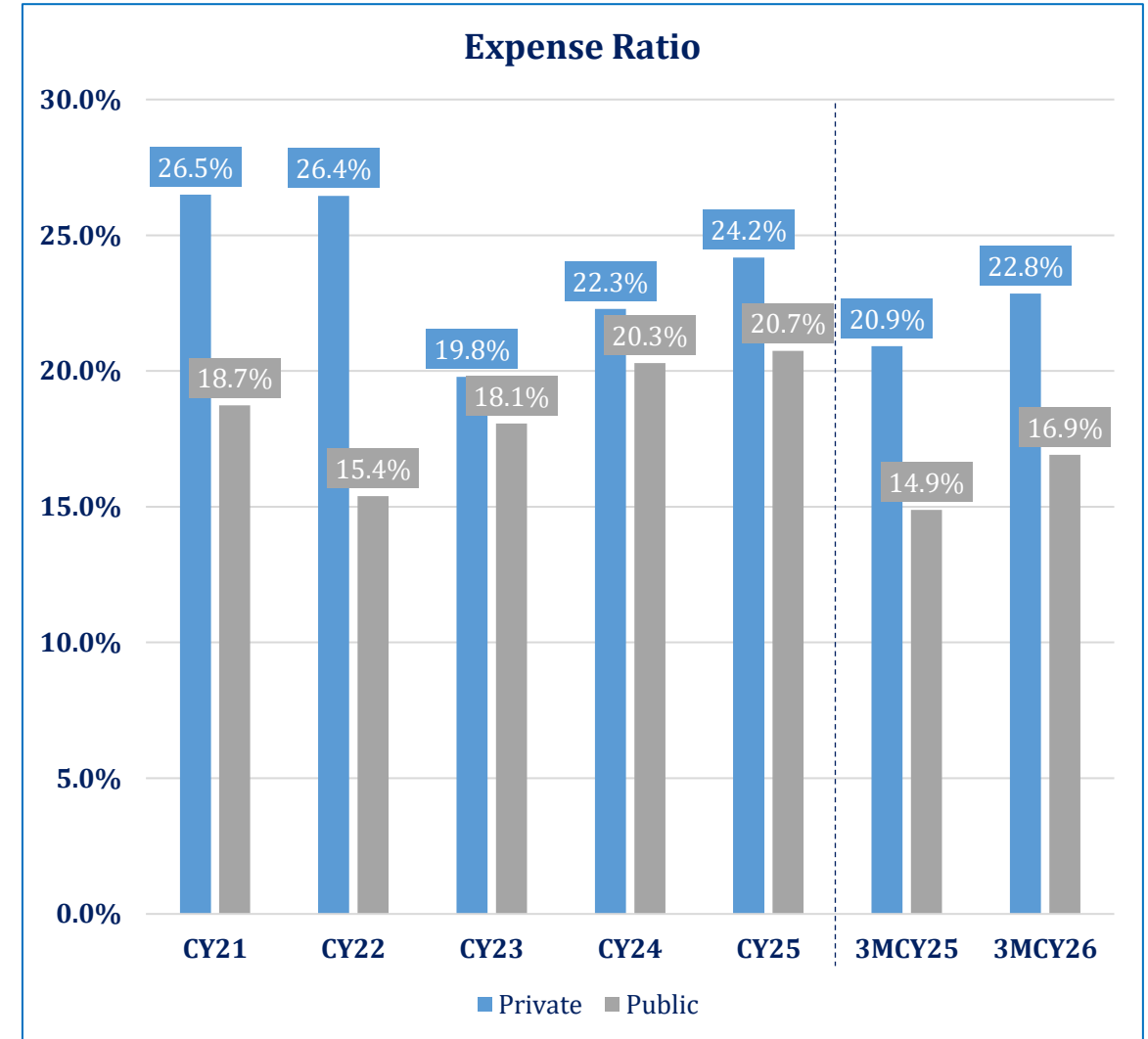
- The Sector's total investments went up by ~9.6% YoY in CY25, clocking in at PKR~2,742Bn (SPLY: ~2,503Bn). These investments, in turn, are largely concentrated in government securities including Treasury Bills, Pakistan Investment Bonds (PIBs) and Sukuks. The portfolio's ~71.5% concentration in government securities, though low on credit risk, heightens reinvestment and interest-rate risk.
- Investments in G-Secs formed ~71.5% of total investments in CY25 (SPLY: ~69.3%), increasing ~13.1% YoY to PKR~1,961Bn (SPLY: PKR~1,734Bn), as insurers continued to lock in attractive fixed returns on PIBs and Sukuks ahead of anticipated rate cuts. However, SBP raised the policy rate by 100bps to 11.5% in April 2026 which may extend this locking-in strategy into CY26 as insurers look to secure still-elevated yields.
- The second-highest share of investments was in Equity (including stock fund) which contributed ~17.9% towards the Sector's total investments during CY25 (SPLY: ~14.4%). In absolute terms, these stood at PKR ~394.8Bn, down ~11.8% YoY, reflects profit-booking following a strong equity-market rally in CY25
- Meanwhile, investments in cash and bank recorded at PKR ~171.4Bn (CY24: PKR ~98.1Bn) and held a share in ~6.3% in total investment mix in CY25. Mutual funds and debt securities both contributed ~5.7% and ~2.1%, respectively, to the total investments during the same period.



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Financial Risk | Expense Ratio

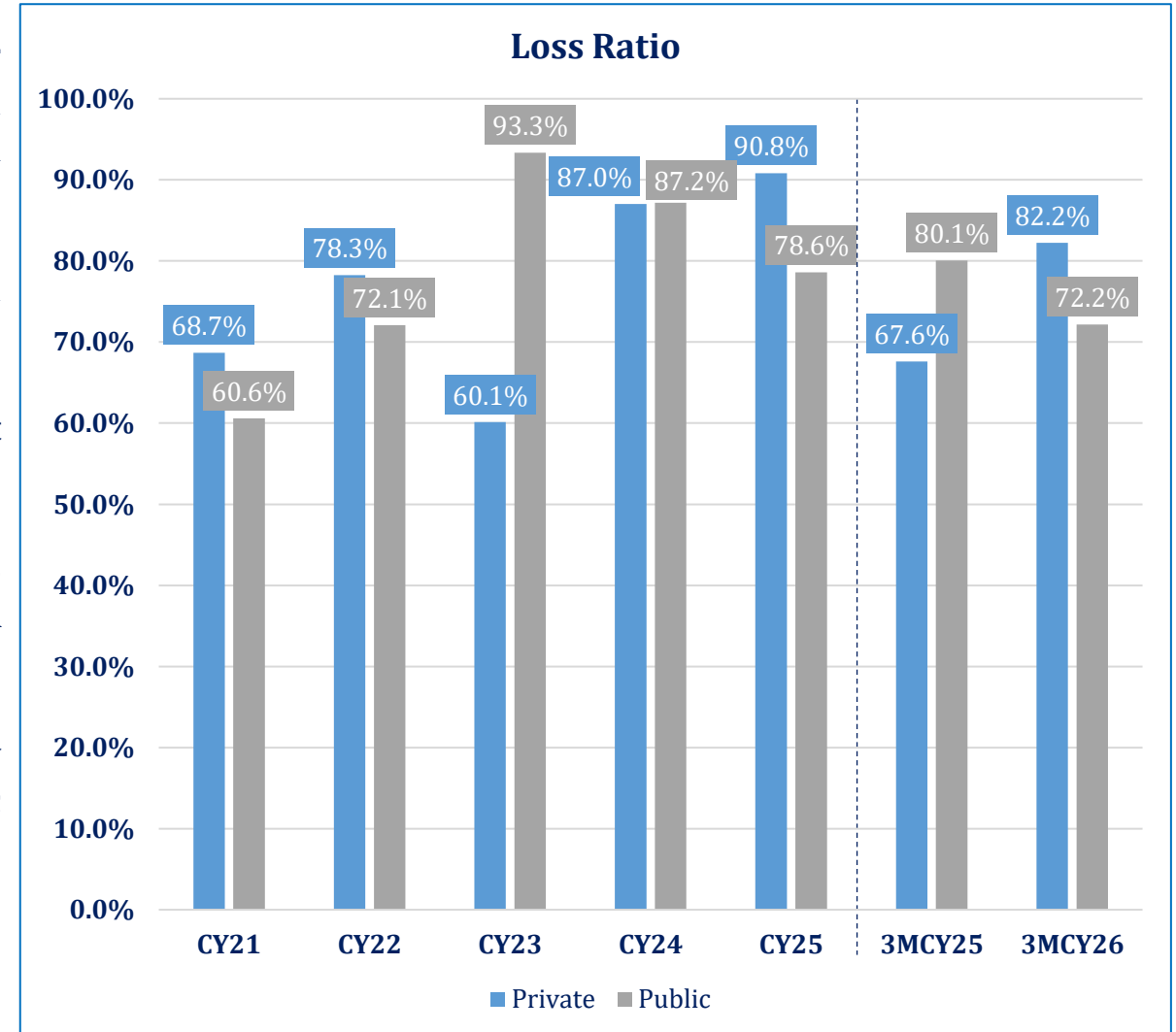
- The expense ratio measures expenses incurred against net premiums earned, serving as a key efficiency indicator. A lower ratio reflects better cost management and stronger underwriting discipline across Sector players.
- The public segment has consistently demonstrated superior cost efficiency, with its expense ratio increasing slightly to ~20.7% in CY25 (SPLY: ~20.3%), outperforming the private segment which stood at ~24.2% in CY25 (SPLY: ~22.3%).
- In absolute terms, private segment expenses during CY25 amounted to PKR ~46.9Bn (SPLY: PKR ~37.7Bn), a YoY increase of ~24.6%, against Net Premium of PKR ~205.7Bn (SPLY: PKR ~169.0Bn), a YoY increase of ~21.7%.
- For the public segment, expenses in CY25 clocked in at PKR ~60.2Bn (SPLY: PKR ~54.3Bn), up ~10.8% YoY, against Net Premium of PKR ~291.3Bn (SPLY: PKR ~267.7Bn), a YoY increase of ~8.8%, suggesting that expenses grew at a faster pace than net premiums, placing modest upward pressure on the public segment's expense ratio.
- The private segment's expense ratio increased across recent years (CY25: 24.2% | CY24: 22.3%), reversing prior efficiency gains and signaling weakening cost discipline despite strong premium growth. Consequently, the public-private efficiency gap widened from ~2.0% in CY24 to ~3.5% in CY25, reflecting public insurers' superior scale economies over a larger premium base.
- In 3MCY26, both segments' ratios rose ~2.0% YoY in tandem (private to ~22.8%, public to ~16.9%), pointing to Sector wide cost pressure.



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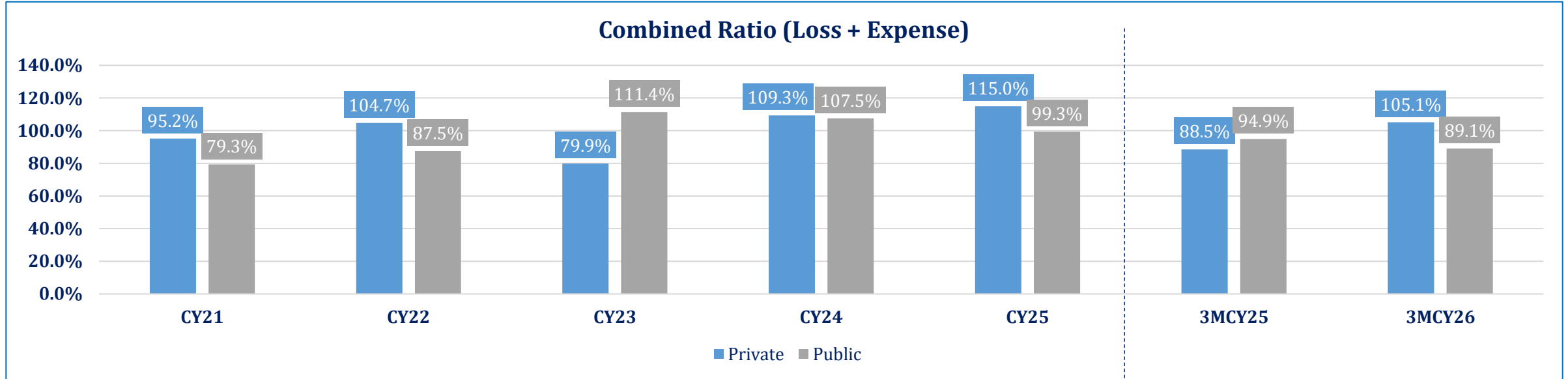
Financial Risk | Loss Ratio

- The loss ratio of an Insurance company measures the overall number of incurred losses against the total amount of earned premium and can be considered a good metric to assess the health and profitability of an Insurance company. Generally, the lower the ratio, the better it is.
- The Sector’s loss ratio, with respect to the private segment, has been gradually rising as net claims are growing more rapidly compared to net revenues. The segment’s loss ratio increased to ~90.8% in CY25 as against ~87.0% recorded during SPLY. The net claims of the segment stood at PKR ~176.2Bn (CY24: PKR ~147.1Bn), up ~19.8% YoY.
- Public segment’s loss ratio, on the other hand, clocked in at ~78.6% during the year (SPLY: ~87.2%) where net claims dropped from PKR ~233.5Bn in CY24 to PKR ~228.1Bn in CY25.
- During 3MCY26, the private segment's loss ratio deteriorated markedly to ~82.2% (3MCY25: ~67.6%), a rise of ~14.6%, whereas the public segment improved to ~72.2% (3MCY25: ~80.1%). This divergence concentrates claims-driven financial risk within the private segment, warranting continued monitoring of its underwriting performance.



Life Insurance

Financial Risk | Combined Ratio

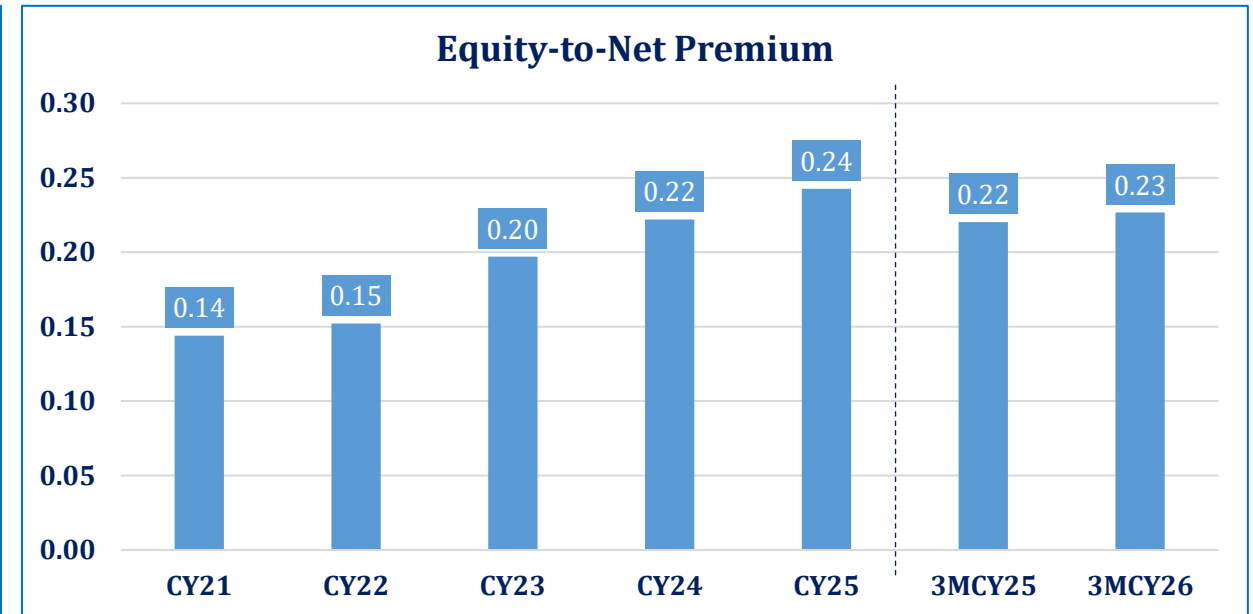
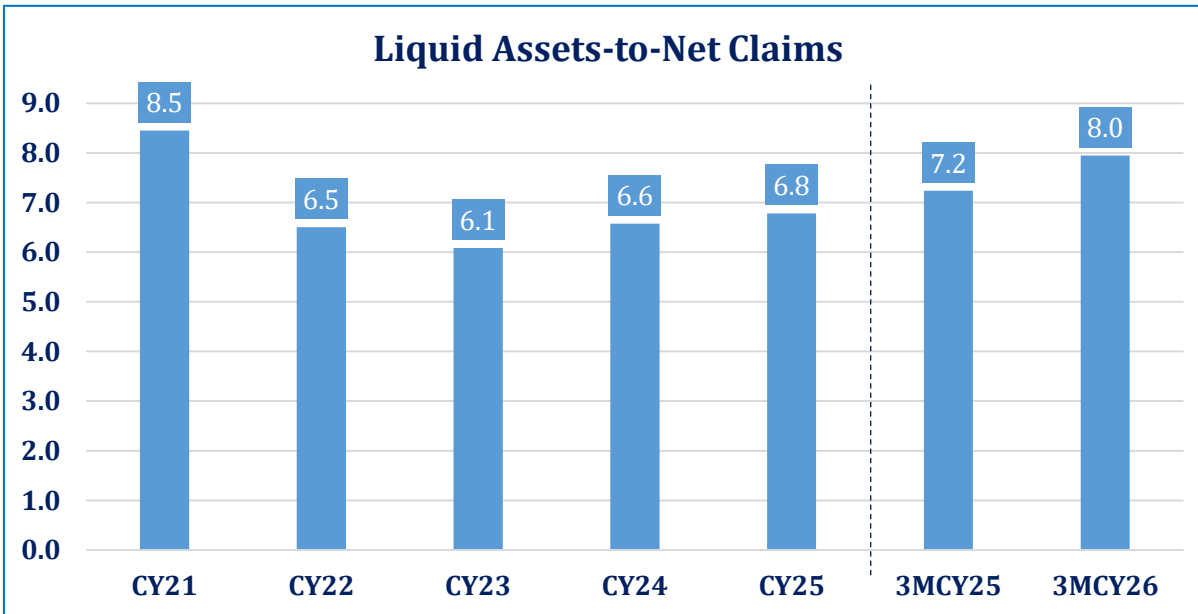


- The combined ratio (loss ratio plus expense ratio) gauges underwriting profitability; a reading below 100% denotes an underwriting profit, while a level above 100% signals an underwriting loss that must be absorbed by investment income.
- During CY25, the two segments moved in opposite directions. The private segment's combined ratio deteriorated to ~115.0% (CY24: ~109.3%), driven primarily by a sharp rise in its loss ratio amid rising net claims outpacing premiums, leaving the segment in an underwriting loss position for a second consecutive year. The public segment, conversely, improved to ~99.3% (CY24: ~107.5%), returning to an underwriting profit on the back of an absolute moderation in net claims. The public segment, which had historically run the higher combined ratio (CY23: ~111.4% vs. private's ~79.9%), now compares favorably against the private segment. The investment income remained the primary profitability driver for the sector.

Life Insurance

Local | Financial Risk

- The liquid assets-to-net claims ratio (a measure of an insurer's ability to meet claim obligations from liquid resources) improved from ~6.6x in CY24 to ~6.8x in CY25, and further from 7.2x in 3MCY25 to 8.0x in 3MCY26, signaling firm liquidity position even as claims remained elevated. The gain is partly cyclical as the CY24–25 interest rate cut lifted the market value of the Sector's largely fixed-income, sovereign asset base. With the policy rate re-tightening to ~11.5% in CY26, part of this revaluation should reverse.
- The Sector's equity base rose ~21.2% YoY, from PKR ~96.9Bn in CY24 to PKR ~117.5Bn in CY25, outpacing net premium growth of ~10.9% (PKR ~484.3Bn | SPLY ~427.7Bn). Consequently, the equity-to-net premium ratio edged up to ~0.24x in CY25 (SPLY ~0.22x) and ~0.23x in 3MCY26 (3MCY25 ~0.22x).



Note: 3M figures have been annualized.

Life 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 include: Insurance Ordinance, 2000 (amended up to Nov'11); Insurance Rules, 2017 (amended up to Mar'25); Corporate Insurance Agents Regulations, 2020
- As per these regulations, the Minimum Paid-up Capital Requirement for Life Insurers would gradually increase to PKR~3.0Bn from PKR~0.7Bn. The implementation will be phased till 2030, alongside which Insurance companies are required to maintain a deposit with the State Bank of Pakistan (SBP) with a minimum amount being ~10% of the insurer's paid-up capital or any amount that may be specified by the SECP.
- In addition, Insurance companies carrying out Life Insurance business are also required at all times to maintain minimum net admissible assets of PKR~165Mn in the Shareholder's Fund. Furthermore, the Insurance Ordinance specifies requirements and procedures for establishment of statutory and other funds specific to life insurance companies.
- The Corporate Insurance Agents Regulations, 2020 were notified by the SECP in Dec'20 and are aimed at strengthening the regulatory regime for distribution of Insurance through corporate Insurance agents. They include a code of conduct for agents to clearly define their responsibilities while dealing with policyholders. The regulations are also aimed at curtailing the issue of mis-selling and ensure provision of maximum and clear information regarding company's term and conditions of an Insurance policy.
- The Finance Bill 2026 introduces a new Section 7G under the Income Tax Ordinance, 2001, imposing a final withholding tax on life-insurance/family-Takaful payouts in excess of premiums paid (~15% if paid within one year of issuance and ~10% if after one year but before seven years), with the withholding mechanism prescribed under Section 151B. Payouts on death, disability, or after completion of seven years are exempt. The new payout tax is likely to dent near-term GPW growth by discouraging early surrenders and encashments on short-to-medium tenor savings products.
- The imposition of Provincial Sales Tax on Life Insurance premiums and reinsurance services remains under dispute, with insurers citing potential double taxation and increased cost for policyholders. While litigation/settlement with provincial revenue authorities remains a key monitorable, Sindh's FY27 Budget proposes a settlement framework along with an increase in the Life Insurance tax-exemption threshold from PKR~0.5Mn to PKR~3.5Mn.

Life Insurance

Minimum Paid-up Capital Requirement for Insurers

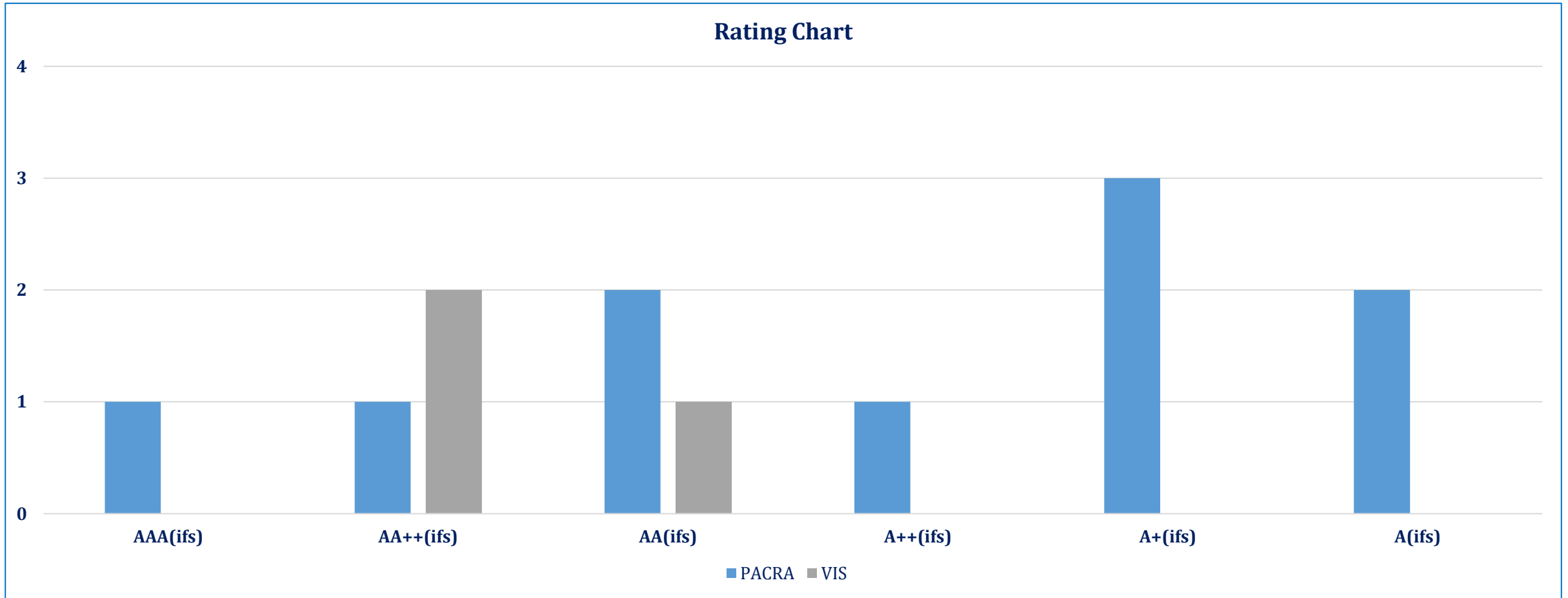
Type of Insurer	Applicable prior to By End-Dec'26 (PKR Mn)	By End-Dec'26 (PKR Mn)	By End-Dec'28 (PKR Mn)	By End-Dec'30 (PKR Mn)
Life Insurer	700	1,500	2,200	3,000

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

Life Insurance

Rating Curve

- PACRA rates ten (10) clients from the Life Insurance Sector. The overall rating bandwidth lies between AAA(ifs) and A(ifs).



Life 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)



- Inadequate awareness about insurance policies among various segments of the population.
- High barriers to entry due to established distribution channels by existing players.
- Lack of access to the target segments of the society where Life Insurance can benefit the most.

- Political uncertainty.
- Resistance on conventional policies due to religious sentiments.

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

Life 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 Life Insurance Sector sustained double-digit growth in CY25, with GPW rising ~13.8% YoY to PKR ~496.9Bn, supported by a strengthening capital base (equity up ~21.2% YoY to PKR ~117.5Bn). Momentum, however, moderated into CY26 as 3MCY26 GPW grew just ~5.3% YoY (PKR ~109.3Bn), and the growth mix turned entirely Private-led. The private segment expanded ~18.1% YoY to PKR ~52.3Bn while the public segment contracted to PKR ~57.1Bn (3MCY25: ~59.5Bn). The private segment has thus emerged as the Sector's primary growth engine heading into CY26.
- Sector profitability held broadly flat in CY25 (PAT: PKR~22.4Bn vs. PKR~22.8Bn in CY24, -1.9% YoY), but this masks a sharp divergence beneath the surface. State Life, which accounts for ~72% of Sector PAT, grew its profit ~2.3% YoY, helped by a ~PKR 19.8Bn rise in investment income and a rare decline in net claims, an outcome distinct from the broader market. Private players, in aggregate, saw PAT fall ~11.3% YoY. In effect, Sector-level PAT stability in CY25 reflects State Life's scale and favorable claims experience offsetting genuine margin erosion at private insurers.
- Underwriting performance is diverging across segments, concentrating claims-driven risk in the private space. The private segment slipped into a second consecutive underwriting loss (combined ratio ~115.0% in CY25; loss ratio rising to ~90.8% and further to ~82.2% in 3MCY26) as net claims outpaced premiums, whereas the public segment returned to an underwriting profit (combined ratio ~99.3%; loss ratio improving to ~78.6%, then ~72.2% in 3MCY26). Retention quality mirrors this split: the public segment's second-year persistency remains structurally stronger at ~84.4% (CY25) versus the private segment's ~67.1%, reflecting its longer-held endowment and government-linked book against private insurers' more lapse-prone bancassurance and unit-linked plans.
- The Finance Bill 2026 introduces a new tax of ~10-15% on life insurance policy payouts (net of premiums) for policies encashed within 7 years, which is likely to weigh on demand for short-to-medium tenor savings and investment-linked products and could accelerate near-term surrenders. Payouts on death, disability, or policies held beyond seven years remain exempt. If the Super Tax exemption (~10% to ~8% reduction on capital gains/earnings) applies to the Life Insurance Sector, the Sector stands to gain over PKR~ 800Mn in tax savings.
- While near-term profitability remains pressured by the newly introduced payout tax on early policy encashments, the Sector's resilient capital base, expanding Takaful footprint, deepening regulatory framework, and significant under-penetration relative to regional peers such as India (~2.7%) support a stable outlook, with growth likely to continue at a more measured pace.

Life Insurance

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