



The Pakistan Credit Rating Agency Limited

Rating Report

State Life Insurance Corporation of Pakistan - PFM	Report Contents
	<ol style="list-style-type: none"> 1. Rating Analysis 2. Financial Information 3. Rating Scale 4. Regulatory and Supplementary Disclosure

Rating History					
Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
12-Dec-2025	AM1(p)	-	Stable	Initial	-

Rating Rationale and Key Rating Drivers

State Life Insurance Corporation of Pakistan (“State Life” or the “Corporation”), a Government of Pakistan (GoP)–owned life insurer, maintains strong market leadership with a dominant market share of ~61% in the insurance sector. Its extensive and effective agency network ensures deep market penetration, while a broad and innovative product suite, supported by operational excellence, fosters strong customer confidence, reflected in second-year persistency of ~84% and renewal persistency of ~90%. During 6MCY25, the Corporation’s financial profile remained robust, with a diversified and healthy investment portfolio reported at ~PKR 1,891bln (CY24: ~PKR 1,829bln), primarily comprising government securities of ~PKR 1,416bln (CY24: ~PKR 1,334bln), underpinned by stable income streams and supported by the GoP guarantee on policyholders’ liabilities. The seasoned management team further reinforces its credit profile. State Life currently holds an entity rating of AAA (ifs) from PACRA. In addition to its core insurance and family takaful operations, State Life has expanded its footprint into the retirement savings domain. The Corporation has secured a Pension Fund Manager (PFM) license from the SECP, making it one of the very few institutions outside the AMC sector to enter this space. State Life was registered as a PFM in Apr’25, and the launch of its pension fund is expected soon. With an expected fund size of around PKR 6bln, the Corporation offers two fund types: the State Life Retirement Savings Fund (SLRSF) and the State Life Islamic Retirement Savings Fund (SLIRSF). Both funds will be offering returns in line with industry standards as stated by the regulator. The PFM industry recorded AUMs of ~PKR 105.6bln as of Jun’25, with growth expected to accelerate under favorable government reforms. Punjab and Khyber Pakhtunkhwa are transitioning from Defined Benefit Schemes to Defined Contribution Schemes, i.e, Voluntary Pension Schemes (VPS), introducing regulatory frameworks for PFMs to manage new government employees’ contributions. In alignment, State Life plans to introduce province-focused pension funds and expand its presence in this evolving market. To ensure robust governance and operational efficiency, the Digital Custodian Company Limited (DCC) has been appointed as Trustee, while IT Minds will provide back-office processing, including digital services, under finalized agreements. These arrangements support operational integration and compliance with digital onboarding requirements. Initially, Investor outreach will be facilitated through the Corporation’s Group and Pension Division, which will offer education, guidance, and reporting. Investments will be accessible via the IT Minds platform and a dedicated mobile application currently under development. State Life’s nationwide footprint provides a strong platform for expanding VPS outreach. Supported by comprehensive risk management, underwriting, legal, and internal audit functions, the Corporation ensures strong internal controls and regulatory compliance. Leveraging its established insurance expertise and governance strengths, State Life aims to effectively establish and scale its presence in the PFM sector. During 6MCY25, State Life maintained a strong equity base, reported at ~PKR 60.3bln (CY24: ~PKR 53bln).

The “AM1(p)” Pension Fund Manager Rating reflects the Corporation’s strong market position and consistent performance. Maintaining its leadership in the life insurance sector, supported by ongoing strategic diversification and growth initiatives, remains key. Going forward, the timely and successful launch of PFM operations and the attainment of a meaningful fund size will be critical to reinforcing the Corporation’s standing in the pension fund management market.

Disclosure	
Name of Rated Entity	State Life Insurance Corporation of Pakistan - PFM
Type of Relationship	Solicited
Purpose of the Rating	Pension Fund Managers Rating
Applicable Criteria	Methodology Rating Modifiers(Apr-25),Assessment Framework Asset Manager Rating(Jul-25),Assessment Framework Pension Fund Managers(Aug-25)
Related Research	Sector Study Asset Management Companies (AMCs)(Mar-25),Sector Study Life Insurance(Jun-25)
Rating Analysts	Madiha Sohail madiha.sohail@pacra.com +92-42-35869504

Profile

Background State Life Insurance Corporation of Pakistan (“State Life” or the “Corporation”) was established in 1972 as a public limited company under the Life Insurance Nationalization Ordinance (LINO), consolidating 32 previously existing life insurance companies. The Corporation primarily conducts life insurance business while also investing policyholders’ funds across various avenues. Recently, State Life secured a Pension Fund Manager (PFM) license from the SECP, making it one of the few institutions outside the AMC sector to enter this space. The Corporation was registered as a PFM in Apr’25.

Operations The Corporation operates both conventional and takaful life businesses, offering non-unit-linked products that are distinct from those of the private sector. State Life manages five statutory funds: (i) Pakistan Life, (ii) Overseas Life, (iii) Pension, (iv) Accident and Health, and (v) Takaful Fund. In addition to these offerings, the Corporation will now also provide Voluntary Pension Scheme (VPS) products in both Conventional and Shariah-compliant categories, further expanding its pension and retirement solutions for policyholders. The head office is located in Karachi.

Ownership

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

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

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

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

Governance

Board Structure The previous Board of State Life was dissolved in Mar’25, and a new Board was appointed by the Federal Government in Nov’25. The overall control of the Board now rests with 3 Independent Directors, including the Chairperson.

Members’ Profile The newly appointed Chairperson, **Mr. Saleem Zia**, is a seasoned politician and former Senator from Punjab (2015–2021), known for his extensive experience in governance and public service. Bringing strong leadership and oversight capabilities, he now heads the Board of the State Life.

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

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

Management

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

Management Team **Mr. Shoaib Javed Hussain** has been the CEO since Aug-23, holds experience of more than two decades, in finance, audit, risk, and strategy across leading global insurance groups. He is a Fellow of the Institute of Actuaries (UK) and holds an MSc in Actuarial Management from Cass Business School, London. **Mr. Syed Shahnawaz Nadir Shah**, the Chief Investment Officer, brings extensive experience in pension fund and government investment management. He holds an MBA, M.A. in Economics, and a B.Com, combining strong academic and practical expertise to guide the Corporation’s investments.

Management Effectiveness A specialized management team will oversee the VPS business. This team will focus on managing investments separately for Conventional and Sharia-compliant options, customer service, and developing marketing strategies tailored to VPS.

Control Environment State Life will maintain separate financial records for its VPS, ensuring transparency through regular audits and compliance with SECP and tax regulations. Dedicated technology systems will securely manage operations, while VPS customers will be clearly segmented for targeted services and communications, highlighting benefits such as portability and tax advantages.

Investment Risk Management

Research & Analysis State Life’s investment strategy is supported by strong analytical practices, reflected in its substantial investment income and diversified portfolio. The Corporation navigates market and macroeconomic volatility through disciplined risk management, ensuring portfolio quality, liquidity, and resilience.

Investment Decision Making The investment strategy of State Life continued to remain conservative, with maximum asset allocation (dynamic) risk-free securities.

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

Investment Risk Management State Life has set up a risk mitigation framework that matches the risk appetite of each sub-fund under the pension fund. Once launched, all transactions will follow the defined risk limits, comply with regulatory requirements, and be clearly disclosed in the Offering Document.

Customer Relationship Management

Investor Services Initially, investor outreach will be facilitated through the Corporation’s Group and Pension Division, which will offer education, personalized guidance, and client reporting. The investments will be accessible through the IT Minds platform and the Mobile App, which is currently under development. Additionally, State Life’s extensive nationwide network—spanning 10 regions, 48 zones, 285 sector offices, 1,350 area offices, and more than 15,000 agency offices—will help significantly expand the reach and accessibility of VPS products by leveraging its strong local presence to educate and serve a wider audience.

Extent Of Automation/Integration State Life has significantly enhanced automation and digital integration across its operations. Its modern data center enables real-time information sharing, secure data management, and 24/7 support. The corporation has adopted online premium payments and e-claims management, supported by updated digital platforms, a redesigned website, and mobile apps such as MySLIC, State Life Health Plus, SLIC Agent Pro, and Sehat Sahulat. These initiatives promote paperless processing, streamline workflows, and improve accessibility and service quality nationwide.

Investor Reporting State Life provides comprehensive investor reporting through its published annual reports, which include detailed financial statements, directors’ reports, and summaries of its financial position. In addition, the Corporation will offer regular and transparent reporting for its VPS products in accordance with SECP’s VPS Rules, encompassing annual financial statements and performance disclosures to both participants and regulators.

Product Offerings State Life offers a broad and diverse product suite to cater to different financial needs. Their savings and protection plans include conventional options like the Platinum Plus endowment plan. They also provide Shariah-compliant Takaful products, such as Takaful Savings Plan State Life, Takaful Endowment Plan State Life, and Takaful Golden Endowment Plan. On the retirement side, State Life offers multiple annuity options and a Personal Pension Scheme. In addition, the Corporation’s PFM, expected to launch soon with a fund size of around PKR 6bln, will offer two fund types: the State Life Retirement Savings Fund (SLRSF) and the State Life Islamic Retirement Savings Fund (SLIRSF), both structured to deliver returns in line with industry standards as set by the regulator.

Financial Risk

Degree Of Concentration The Corporation aims to serve millions of policyholders nationwide—spanning urban centers to remote areas—by targeting a large and diverse participant base with contributions across a broad range of ticket sizes. Its pension fund operations are designed to achieve broad participation and equitable exposure, supporting sustainable growth while mitigating concentration risk.

Financial Performance During 6MCY25, State Life reported an underwriting profit of ~PKR 3.9bln (6MCY24: loss of ~PKR 3.4bln). This underwriting profit is attributed to lower claims incurred during the period. The Corporation’s bottom line received substantial support from investment income. State Life reported a Profit After Tax (PAT) of ~PKR 6.8bln (6MCY24: ~PKR 11bln). While the equity base was reported at ~PKR 60.3bln (CY24: ~PKR 53.4bln).



PKR mln

State Life Insurance Corporation of Pakistan
Listed Public Limited

Jun-25	Dec-24	Dec-23	Dec-22
6M	12M	12M	12M

A BALANCE SHEET

1 Investments	1,891,253	1,829,042	1,472,569	1,281,647
2 Insurance Related Assets	300,473	253,327	184,566	78,093
3 Other Assets	320,562	281,710	272,152	241,816
4 Fixed Assets	1,979	1,915	1,397	1,033
Total Assets	2,514,266	2,365,994	1,930,684	1,602,589
5 Underwriting Provisions	-	-	-	-
6 Insurance Related Liabilities	2,109,576	2,213,997	1,681,523	1,534,304
7 Other Liabilities	344,417	98,615	209,028	40,872
8 Borrowings	-	-	-	-
Total Liabilities	2,453,992	2,312,611	1,890,551	1,575,176
Equity	60,274	53,383	40,132	27,412

B INCOME STATEMENT

1 Gross Premium Written	114,706	265,268	268,879	244,150
2 Net Insurance Premium	114,685	264,374	267,844	243,211
3 Underwriting Expenses	(110,710)	(260,765)	(277,035)	(198,001)
Underwriting Results	3,974	3,609	(9,190)	45,210
4 Management Expenses	(8,778)	(19,790)	(17,849)	(13,983)
5 Investment Income	106,776	308,041	188,500	102,300
6 Other Income / (Expense)	15,793	58,345	68,409	36,994
7 Net Change in Reserve for Policyholders' Liabilities	(106,459)	(324,390)	(205,390)	(149,856)
Profit Before Tax	11,305	25,815	24,479	20,665
8 Taxes	(4,415)	(10,064)	(9,760)	(6,936)
Profit After Tax	6,891	15,751	14,720	13,728

C RATIO ANALYSIS

1 Profitability

Loss Ratio (Net Insurance Claims / Net Insurance Premium)

87.5%	86.2%	92.4%	72.1%
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Combined Ratio (Loss Ratio + Expense Ratio)

104.2%	106.1%	110.1%	87.2%
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2 Investment Performance

Investment Income / Operating Profit

104.7%	105.5%	116.7%	76.6%
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3 Liquidity

(Liquid Assets - Borrowings) / Outstanding Claims

31.27	6.72	18.86	10.62
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4 Capital Adequacy

Liquid Investments / Equity

31.24	34.11	36.54	46.55
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Pension Fund Manager Rating

An independent opinion on a pension fund manager's quality of services, management, and capacity to effectively manage investment and operational challenges.

Scale	Definition
AM1 (p)	Very high quality. Pension fund manager exhibits very high quality of services, management, and capacity to effectively manage investment and operational challenges
AM2++ (p) AM2+ (p) AM2 (p)	High quality. Pension fund manager exhibits high quality of services, management, and capacity to effectively manage investment and operational challenges
AM3++ (p) AM3+ (p) AM3 (p)	Good quality. Pension fund manager exhibits good quality of services, management, and capacity to effectively manage investment and operational challenges
AM4++ (p) AM4+ (p) AM4 (p)	Adequate quality. Pension fund manager exhibits adequate quality of services, management, and capacity to effectively manage investment and operational challenges
AM5 (p)	Weak. Pension fund manager exhibits weak quality of services, management, and capacity to effectively manage investment and operational challenges standards and benchmarks.

*Where "(p)" denotes pension fund managers

<p>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'.</p>	<p>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</p>	<p>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.</p>	<p>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 surveill the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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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.

Rating Team Statements

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

2) Conflict of Interest

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

Restrictions

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

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

Monitoring and review

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

Probability of Default

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

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