

Half Yearly Review of Insurance Sector for the Period ended June 30,2006

1. Sector Overview:

Insurance Sector in Pakistan is divided into Life and Non-Life Insurance. Composite Insurance is not allowed under the Insurance Ordinance. An upcoming area is Takaful (Islamic Insurance) for which regulatory regime has been enforced during the year 2005-06 on the initiative of Insurance Division.

As at June 30,2006 there are 5 Life insurance Companies, 51 Non-Life Insurance Companies, 1 Takaful Operator and 1 Reinsurance Company. Out of 51 Non-Life Insurance Companies, 6 are not writing business on the directives of SECP since they do not meet the minimum paid up capital requirement.

Total Premium of Insurance Sector has increased from Rs.20,178 Million of first half 2005 to Rs. 26,704 million in the corresponding period 2006, showing a growth of 32%. Total Claims Expenses have increased from Rs. 10,137 million in first half 2005 to Rs.12,292 million in the corresponding 2006, showing an increase of 21%.

Total Assets of the sector have increased from Rs.190,307 million on December 31, 2005 to Rs. 213,858 million on June 30, 2006, showing a growth of 12%. Total Liabilities have also increased from Rs. 161,968 million on December 31, 2005 to Rs. 182,421.43 million on June 30, 2006 , showing an increase of 13%.

1.1 Life Insurance Sector:

Total Premium of Life Insurance Sector has increased from Rs. 6,964.788 million of first half 2005 to Rs. 8,585.114 million in the corresponding period of 2006, showing a growth of 23%. Total Claims Expenses (including provision for outstanding) have increased from Rs. 4,036.721 million in first half of 2005 to Rs. 4,928.36 million in the corresponding period of 2006, showing an increase of 22%.

Total Assets of the sector have increased from Rs. 131,257.101 million as at December 31, 2005 to Rs. 149,966.897 million as at June 30, 2006, showing a growth of 14%. Total Liabilities have also increased from Rs. 129,117.302 million as at December 31, 2005 to Rs. 147,711.66 million as at June 30, 2006 , an increase of 14%.

1.2 No-Life Sector:

Total Premium of Non-Life Insurance Sector has increased from Rs.11,180.72 million of first half of 2005 to Rs.16,065 million of the corresponding period of 2006, showing an increase of 44%. Total Claims Expenses has increased from Rs.4,983 million in first half 2005 to Rs.6,927 million in first half 2006, an increases of 39%.

Total Assets have increased from Rs.53,198 million on December 31, 2005 to Rs.57,893 million on June 30, 2006, showing an increase of 9%. Total Liabilities have also increased from Rs. 29,437.77 million on December 31, 2005 to Rs.31,270.93 million on June 30, 2006 , showing an increase of 6%.

1.3 Reinsurance Sector:

Presently there is one Reinsurance company in Pakistan namely Pakistan Reinsurance Company Ltd. Total Written Premium of the company has decreased from Rs. 2,032.56 million of first half 2005 to Rs.2,030.02 million of corresponding period of 2006 showing a decrease of 0.12%. Total Claims Expenses has decreased from Rs.1,117 million in first half 2005 to Rs.429.28 million in first half 2006, a decrease of 62%.

Total Assets have increased from Rs.5,633.6 million on December 31, 2005 to Rs.5,740.79 million on June 30,2006, showing an increase of 2%. Total Liabilities have increased from Rs.3,395.06 million on December 31, 2005 to Rs.3,400.68 million on June 30, 2006 showing an increase of 0.17%.

1.4 Takaful Sector:

Takaful regulatory framework has been enforced in September 2005. Presently there is one company (Pak-Kuwait Takaful Ltd) who is a general Takaful operator. Total written premium during first half of 2006 is Rs.23.89 million against claim expenses Rs.7.58 million. Total assets have increased from Rs.218.4 million on December 31,2005 to Rs. 256.868 millions on June 30,2006, showing an increase of 18%. Whereas Total liabilities have increased from Rs.17.79 millions on December 31, 2005 to Rs. 38.162 million on June 30, 2006, an increase of 115%.