

## **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 new 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.36, 662 million in 2004 to Rs. 46,167 million in 2005 showing a growth rate of 25.93%. Total Assets of the sector have also increased from Rs.167,368 million in 2004 to Rs. 196,453 million in 2005, showing a growth rate of 17.38 % .

Total Claims (including provision for outstanding) have increased from Rs. 19,269 million in 2004 to Rs.21,118 million in 2005 showing an increase of 9.6%. Total liabilities have also increased from Rs. 147,681 million in 2004 to Rs. 170,625 million in 2005, showing an increase of 15.54 %.

### **1.1 Life Insurance Sector:**

Total Premium of Life Insurance Sector has increased from 14,681.98 million in 2004 to Rs. 18,552.43 million in 2005 showing a growth rate of 26.36%. Total Assets of the sector have also increased from Rs. 123,900.10 million in 2004 to Rs. 142,328.53 million in 2005, showing a growth rate of 14.87%.

Total Claims (including provision for outstanding) have increased from Rs. 8,179.58 million in 2004 to Rs. 9,114.07 million in 2005 showing an increase of 11.42%. Total liabilities have also increased from Rs. 122,011.06 million in 2004 to Rs. 140,203.99 million in 2005, an increase of 14.91%.

State Life Insurance Corporation of Pakistan is still the market leader with around 75% market share followed by EFU Life with 13.48 % market share and NJI Life with 7.43% Market Share.

### **1.2 Non-Life Sector:**

Total Premium of Non-Life Insurance Sector has increased from 22,079.25 million in 2004 to Rs. 27,615.16 million in 2005 showing a growth rate of 25.07%. Total Assets of the sector have also increased from Rs. 44,006.84 million in 2004 to Rs. 54,132.96 million in 2005, showing a growth rate of 24.54%.

Total Claims (including provision for outstanding) have increased from Rs. 11,089.47 million in 2004 to Rs. 12,004.48 million in 2005 showing an increase of 8.25%. Total

liabilities have also increased from Rs. 25,699.64 million in 2004 to Rs. 30,421.32 million in 2005, an increase of 18.51%.

Adamjee Insurance Company still has the largest market share of 24.20 % followed by EFU General with 24.06% market share, NICL with 15.39% market share, NJI with 6.92% market share and New Hampshire with 3.83% market share. NICL is exclusively doing the government sector non-life insurance only.

Amount in million

	Premium			Claims			Assets			Liabilities		
	2004	2005	% Inc	2004	2005	% Inc	2004	2005	% Inc	2004	2005	% Inc
<b>Life</b>	14,583	18,552	27.22	8,180	9,114	11.42	123,900	142,320	14.87	122,011	140,204	14.91
<b>Non-Life</b>	22,079	27,615	25.07	11,089	12,004	8.25	43,468	54,133	24.54	25,670	30,421	18.51
<b>Total</b>	36,662	46,167	25.93	19,269	21,118	9.6	167,368	196,453	17.38	147,681	170,625	15.54

### 1.3 Takaful Sector:

Takaful regulatory framework has been enforced recently in September 2005. Presently there is one company (Pak-Kuwait Takaful Ltd) who is a general takaful operator. The company has just started its operations.

### 2.4 Reinsurance Sector:

Presently there is one Reinsurance company in Pakistan namely Pakistan Reinsurance Company Ltd. Total Premium of the company has decreased from Rs 5,241.44 million in 2004 to Rs 4,159.57 million in 2005 showing a decline of 20.64%. Total assets have decreased from Rs.6, 613.61 million in 2004 to Rs.5, 633.59 million in 2005, showing a decline of 14.82%. Total claims have decreased from 2,215.32 million in 2004 to 1,218.91 million in 2005, a decrease of 44.98%. Total liabilities have decreased from 4,857.01 million in 2004 to 3,395.05 million in 2005, a decrease of 30.10%.