

Third Quarterly Review of Insurance Sector for the Period ended September 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 September 30, 2006 there are 5 Life insurance Companies, 52 Non-Life Insurance Companies, 1 Takaful Operator and 1 Reinsurance Company. Out of 52 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 Written of Insurance Sector has increased from Rs.33,996 Million for the period ended on September 30,2005 to Rs. 42,149 million in the corresponding period 2006, showing a growth of 24%. Total Claims Paid have increased from Rs. 16,219 million for the period ended on September 30, 2005 to Rs.18,566 million in the corresponding period of 2006, showing an increase of 14%.

Total Assets of the sector have increased from Rs.201,147 million on December 31, 2005 to Rs. 224,232 million on September 30, 2006, showing a growth of 12%. Total Liabilities have also increased from Rs. 173,119 million on December 31, 2005 to Rs. 189,252 million on September 30, 2006 , showing an increase of 9%.

1.1 Life Insurance Sector:

Total Premiums Written of Life Insurance Sector has increased from Rs. 10,515 million on September 30, 2005 to Rs. 13,224.5 million in the corresponding period of 2006, showing a growth of 26%. Total Claims Paid (including provision for outstanding) have increased from Rs. 6,242.79 million on September 30, 2005 to Rs. 7,417.14 million in the corresponding period of 2006, showing an increase of 19%.

Total Assets of the sector have increased from Rs. 142,327 million as at December 31, 2005 to Rs. 153,687.97 million as at September 30, 2006 showing a growth of 8%. Total Liabilities have also increased from Rs. 140,202.36 million as at December 31, 2005 to Rs. 151,453.2 million as at September 30, 2006 showing an increase of 8%.

1.2 No-Life Sector:

Total Premiums Written of Non-Life Insurance Sector has increased from Rs.20,595.32 million on September 30, 2005 to Rs.25,665 million of the corresponding period of 2006, showing an increase of 25%. Total Claims Paid has increased from Rs.8,662.3 million on September 30, 2005 to Rs.10,484.3 million on September 30, 2006 showing an increase of 21%.

Total Assets have increased from Rs.52,968.5 million on December 31, 2005 to Rs.63,854.35 million on September 30, 2006, showing an increase of 21%. Total Liabilities have also increased from Rs. 29,503.7 million on December 31, 2005 to Rs.34,032.6 million on September 30, 2006, showing an increase of 15%.

1.3 Reinsurance Sector:

Presently there is one Reinsurance company in Pakistan namely Pakistan Reinsurance Company Ltd. Total Written Premium of the company has increased from Rs. 2,885.82 million on September 30, 2005 to Rs.3,180.11 million of corresponding period of 2006 showing an increase of 10%. Total Claims Paid has decreased from Rs.1,313.66 million on September 30, 2005 to Rs.656.86 million of the corresponding period of 2006, a decrease of 50%.

Total Assets have increased from Rs.5,633.6 million on December 31, 2005 to Rs.6,494.62 million on September 30,2006 showing an increase of 15%. Total Liabilities have increased from Rs.3,395.06 million on December 31, 2005 to Rs.3,699.97 million on September 30, 2006 showing an increase of 9%.

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 on September 30, 2006 is Rs.79.96 million against claim paid Rs.7.4 million. Total assets have increased from Rs.218.4 million on December 31,2005 to Rs. 290.5 millions on September 30,2006, showing an increase of 33%. Whereas Total liabilities have increased from Rs.17.79 millions on December 31, 2005 to Rs. 65.84 million on September 30, 2006, an increase of 270%.