

Financial Statement Analysis of Non-Life

Insurance Companies in Pakistan

as at December 31, 2015



June 17, 2016

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1. Executive Summary

Paragon Actuarial and Management Consulting examined the financial statements of twenty-six (26) listed non-life insurance companies as of 31 December 2015. These financial statements form the basis of the results.

The companies we reviewed included two (2) Takaful Companies and twenty-four (24) Conventional Insurance Companies. For the purpose of clarity, we have kept same terms as conventional for takaful companies also.

Our analysis is based solely on the data disclosed by the companies on their financial statements. Business from Takaful Window operations has been ignored in our analysis.

Key Findings and Recommendations:

Below is an overview of the findings of our analysis of the financial statements of the twenty-six (26) listed non-life insurance companies as of 31 December 2015.

- Total Gross Premium (GP) for the above mentioned 26 companies, as of 31 December 2015, was Rs. 61.32 billion, an increase of 11% as compared to GP as of 31 December 2014.
- Total Net Underwriting Profits as of 31 December 2015 increased by over 40% from Rs. 4,494 billion as of 31 December 2014 to Rs. 6.32 billion.
- As of 31 December 2015, mentioned 26 companies possessed a total of Rs. 144.55 billion in assets against liabilities of 67.86 billion. As compared to 31 December 2014, assets increased by 10% while liabilities increased by 6%.
- Overall, General and Administrative (G&A) expenses were 6% of Gross Premium for year ended 31 December 2014 & 2015.

2. Gross Premium

Table-1 presents figures of 'Gross Premium' for different companies.

Table-1
Gross Premium Analysis
(Million of Rs.)

S. No.	Name of Insurance Company	Gross Premium		
		Dec-15	Dec-14	% Change
1	EFU General Insurance Limited	15,008	14,514	3%
2	Adamjee Insurance Company Limited	13,639	12,145	12%
3	Jubilee General Insurance Company Limited	7,979	6,961	15%
4	The United Insurance Company of Pakistan Limited	3,062	2,475	24%
5	IGI Insurance Limited	2,344	2,140	10%
6	Askari General Insurance Company Limited	2,005	1,719	17%
7	Atlas Insurance Limited	1,965	1,651	19%
8	Security General Insurance Company Limited	1,851	1,816	2%
9	East West Insurance Company Limited	1,768	1,420	25%
10	UBL Insurers Limited	1,600	1,114	44%
11	Alfalah Insurance Company Limited	1,546	1,331	16%
12	Premier Insurance Limited	1,406	1,356	4%
13	TPL Direct Insurance Limited	1,171	1,156	1%
14	Habib Insurance Company Limited	1,123	1,009	11%
15	Century Insurance Company Limited	1,035	755	37%
16	Pak Qatar General Takaul Limited	702	1,002	-30%
17	SPI Insurance Company Limited	600	510	18%
18	The Pakistan General Insurance Company Limited	458	413	11%
19	Asia Insurance Company Limited	450	305	48%
20	PICIC Insurance Limited	403	508	-21%
21	Takaful Pakistan Limited	334	274	22%
22	Shaheen Insurance Company Limited	309	284	9%
23	The Crescent Star Insurance Company Limited	266	237	12%
24	Alpha Insurance Company Limited	180	220	-18%
25	Sindh Insurance Limited	74	2	3090%
26	The Universal Insurance Company Limited	45	68	-34%
	Total	61,320	55,386	11%

On consolidated basis, the insurance companies have shown a growth of 11% in 2015 over the year 2014. The figures are as provided under 'Statement of Premium Income' in financials of each company.

Among the companies, Asia Insurance Company (48%), UBL Insurers Limited (44%), and Century Insurance Company (37%) showed the highest growth rate. While, this was first full year of service for Sindh Insurers Limited.

Negative growth was observed for following companies:

- Universal Insurance Company -34%
- Pak Qatar General Takaful Limited -30%
- PICIC Insurance Limited -21%
- Alpha Insurance Company Limited -18%

3. Net Underwriting Profit

Table-2 presents figures of 'Net Premium Earned', 'Net Incurred Claims' and 'Net Underwriting Profit' for different companies.

Companies registered a 14% increase in their Net Premiums Earned, while an 8% increase was observed in their Net Incurred Claims for the year 2015. Net Underwriting Profit showed large growth of 41% when compared with year 2014.

Table-2
Net Underwriting Profit
(Million of Rs.)

S. No.	Name of Insurance Company	Net Premium Earned			Net Incurred Claims			Net Underwriting Profit		
		Dec-15	Dec-14	% Change	Dec-15	Dec-14	% Change	Dec-15	Dec-14	% Change
1	EFU General Insurance Limited	6,677	6,532	2%	2,998	2,973	1%	1,534	1,316	17%
2	Adamjee Insurance Company Limited	7,747	6,303	23%	4,780	4,088	17%	854	369	131%
3	Jubilee General Insurance Company Limited	4,151	3,645	14%	2,174	2,083	4%	468	275	70%
4	The United Insurance Company of Pakistan Limited	2,152	1,537	40%	742	419	77%	798	629	27%
5	IGI Insurance Limited	1,122	1,045	7%	586	595	-1%	256	208	23%
6	Askari General Insurance Company Limited	1,092	971	12%	538	561	-4%	338	210	61%
7	Atlas Insurance Limited	959	878	9%	204	211	-3%	463	407	14%
8	Security General Insurance Company Limited	441	524	-16%	125	232	-46%	200	174	15%
9	East West Insurance Company Limited	870	760	14%	378	305	24%	163	139	17%
10	UBL Insurers Limited	535	385	39%	204	177	15%	148	105	42%
11	Alfalsh Insurance Company Limited	780	705	11%	429	411	4%	180	151	20%
12	Premier Insurance Limited	770	695	11%	364	347	5%	73	(9)	-910%
13	TPL Direct Insurance Limited	1,131	1,048	8%	532	527	1%	55	78	-29%
14	Habib Insurance Company Limited	500	459	9%	222	222	0%	118	87	36%
15	Century Insurance Company Limited	515	389	33%	300	202	48%	128	108	19%
16	Pak Qatar General Takaul Limited	374	506	-26%	409	543	-25%	7	6	6%
17	SPI Insurance Company Limited	488	404	21%	145	123	18%	150	110	36%
18	The Pakistan General Insurance Company Limited	265	224	18%	129	122	5%	63	59	7%
19	Asia Insurance Company Limited	347	191	82%	64	42	53%	126	60	109%
20	PICIC Insurance Limited	220	293	-25%	91	213	-57%	46	(53)	-188%
21	Takaful Pakistan Limited	262	169	55%	134	94	43%	27	28	-2%
22	Shaheen Insurance Company Limited	225	230	-2%	100	73	37%	43	68	-36%
23	The Crescent Star Insurance Company Limited	237	136	74%	92	25	267%	30	19	59%
24	Alpha Insurance Company Limited	63	91	-30%	15	54	-72%	(12)	(43)	-71%
25	Sindh Insurance Limited	21	(0)	NA	13	0	11327%	(16)	(6)	147%
26	The Universal Insurance Company Limited	28	35	-20%	56	(2)	-2647%	83	0	25044%
	Total	31,973	28,154	14%	15,824	14,640	8%	6,324	4,494	41%

Net Underwriting Profit is as provided under Profit and Loss Account of each company's financial statement. This is calculated as Net Earned Premium less Net Incurred Claims, Management Expenses and Net Commission. Net Underwriting Income demonstrates the skill that a company has in running its core business i.e. insurance underwriting.

Overall, each of the ten largest insurance companies which form around 84% of the analysis show positive growth in Net Underwriting Profit.

4. Reinsurance Premium

Table-3 presents figures of 'Reinsurance Premium' and 'Reinsurance Premium as % of Gross Premium' for different companies.

For most of the companies the ratio of Reinsurance Premium to Gross Premium falls in the range of 40%-60%. The ratio is largest for Security General Insurance (80%) and smallest for TPL Direct (1%).

Table-3
Reinsurance Premium
(Million of Rs.)

S. No.	Name of Insurance Company	Reinsurance Premium	Reinsurance Prem as % of Gross Prem
		Dec-15	Dec-15
1	EFU General Insurance Limited	8,044	54%
2	Adamjee Insurance Company Limited	5,410	40%
3	Jubilee General Insurance Company Limited	3,651	46%
4	The United Insurance Company of Pakistan Limited	831	27%
5	IGI Insurance Limited	1,148	49%
6	Askari General Insurance Company Limited	849	42%
7	Atlas Insurance Limited	998	51%
8	Security General Insurance Company Limited	1,477	80%
9	East West Insurance Company Limited	812	46%
10	UBL Insurers Limited	962	60%
11	Alfalalah Insurance Company Limited	725	47%
12	Premier Insurance Limited	554	39%
13	TPL Direct Insurance Limited	12	1%
14	Habib Insurance Company Limited	625	56%
15	Century Insurance Company Limited	400	39%
16	Pak Qatar General Takaul Limited	147	21%
17	SPI Insurance Company Limited	127	21%
18	The Pakistan General Insurance Company Limited	205	45%
19	Asia Insurance Company Limited	62	14%
20	PICIC Insurance Limited	228	57%
21	Takaful Pakistan Limited	57	17%
22	Shaheen Insurance Company Limited	62	20%
23	The Crescent Star Insurance Company Limited	40	15%
24	Alpha Insurance Company Limited	119	66%
25	Sindh Insurance Limited	21	28%
26	The Universal Insurance Company Limited	15	33%
	Total	27,580	45%

5. Net Loss Ratio

Net Loss Ratio is provided in Table-4 for different companies. This is calculated as Ratio of Net Incurred Claims over Net Premium.

Overall ratio is 49% for 2015 and 52% for 2014. The ratio is relatively stable during the two (2) years for major companies.

Table-4
Net Loss Ratio
(Million of Rs.)

S. No.	Name of Insurance Company	Net Loss Ratio	
		Dec-15	Dec-14
1	EFU General Insurance Limited	45%	46%
2	Adamjee Insurance Company Limited	62%	65%
3	Jubilee General Insurance Company Limited	52%	57%
4	The United Insurance Company of Pakistan Limited	34%	27%
5	IGI Insurance Limited	52%	57%
6	Askari General Insurance Company Limited	49%	58%
7	Atlas Insurance Limited	21%	24%
8	Security General Insurance Company Limited	28%	44%
9	East West Insurance Company Limited	43%	40%
10	UBL Insurers Limited	38%	46%
11	Alfalah Insurance Company Limited	55%	58%
12	Premier Insurance Limited	47%	50%
13	TPL Direct Insurance Limited	47%	50%
14	Habib Insurance Company Limited	44%	48%
15	Century Insurance Company Limited	58%	52%
16	Pak Qatar General Takaul Limited	110%	107%
17	SPI Insurance Company Limited	30%	30%
18	The Pakistan General Insurance Company Limited	49%	55%
19	Asia Insurance Company Limited	18%	22%
20	PICIC Insurance Limited	41%	73%
21	Takaful Pakistan Limited	51%	55%
22	Shaheen Insurance Company Limited	45%	32%
23	The Crescent Star Insurance Company Limited	39%	18%
24	Alpha Insurance Company Limited	24%	59%
25	Sindh Insurance Limited	65%	-25%
26	The Universal Insurance Company Limited	201%	-6%
	Total	49%	52%

6. Assets and Liabilities

Table-5 provides figures for Assets and Liabilities for different companies in our analysis.

As of 31 December 2015, Assets of companies have increased by 10%, and Liabilities by 6%, compared to the figures as of 31 December 2014.

Table-5
Assets and Liabilities
(Million of Rs.)

S. No.	Name of Insurance Company	Assets			Liabilities		
		Dec-15	Dec-14	% Change	Dec-15	Dec-14	% Change
1	EFU General Insurance Limited	32,264	29,227	10%	16,417	16,116	2%
2	Adamjee Insurance Company Limited	32,256	28,832	12%	16,609	14,728	13%
3	Jubilee General Insurance Company Limited	15,188	13,539	12%	9,281	8,116	14%
4	The United Insurance Company of Pakistan Limited	5,059	4,820	5%	2,774	3,135	-12%
5	IGI Insurance Limited	14,651	14,490	1%	2,390	2,911	-18%
6	Askari General Insurance Company Limited	2,842	2,498	14%	1,866	1,718	9%
7	Atlas Insurance Limited	3,797	3,344	14%	1,951	1,677	16%
8	Security General Insurance Company Limited	12,004	11,033	9%	2,899	2,538	14%
9	East West Insurance Company Limited	1,575	1,399	13%	819	734	12%
10	UBL Insurers Limited	2,653	2,083	27%	1,801	1,330	35%
11	Alfalah Insurance Company Limited	2,377	2,180	9%	1,571	1,470	7%
12	Premier Insurance Limited	3,685	3,430	7%	2,077	1,902	9%
13	TPL Direct Insurance Limited	1,869	1,270	47%	929	805	15%
14	Habib Insurance Company Limited	2,743	2,851	-4%	1,609	1,691	-5%
15	Century Insurance Company Limited	2,660	1,877	42%	906	691	31%
16	Pak Qatar General Takaul Limited	905	1,115	-19%	501	791	-37%
17	SPI Insurance Company Limited	847	657	29%	450	328	37%
18	The Pakistan General Insurance Company Limited	975	894	9%	337	322	5%
19	Asia Insurance Company Limited	953	813	17%	328	257	28%
20	PICIC Insurance Limited	618	953	-35%	548	853	-36%
21	Takaful Pakistan Limited	577	577	0%	405	425	-5%
22	Shaheen Insurance Company Limited	781	787	-1%	415	447	-7%
23	The Crescent Star Insurance Company Limited	838	575	46%	328	222	48%
24	Alpha Insurance Company Limited	974	1,030	-5%	339	426	-20%
25	Sindh Insurance Limited	677	544	24%	77	12	558%
26	The Universal Insurance Company Limited	784	847	-7%	230	487	-53%
	Total	144,552	131,663	10%	67,859	64,132	6%

7. Equity and Equity Ratio

Table-6 provides figures for Equity and Equity Ratio (as % of Assets) for different companies in our analysis.

As of 31 December 2015, Equity of companies has increased by 14% compared to the figures as of 31 December 2014. Largest increase is observed in Equity of TPL Direct which is 102%. While PICIC and Habib Insurance showed a negative trend. Equity Ratio is observed at 53% and 51% for year 2015 and 2014 respectively.

Table-6
Equity and Equity Ratio
(Million of Rs.)

S. No.	Name of Insurance Company	Equity			Equity as a % of Assets	
		Dec-15	Dec-14	% Change	Dec-15	Dec-14
1	EFU General Insurance Limited	15,847	13,111	21%	49%	45%
2	Adamjee Insurance Company Limited	15,647	14,104	11%	49%	49%
3	Jubilee General Insurance Company Limited	5,906	5,423	9%	39%	40%
4	The United Insurance Company of Pakistan Limited	2,245	1,645	36%	44%	34%
5	IGI Insurance Limited	12,261	11,579	6%	84%	80%
6	Askari General Insurance Company Limited	976	780	25%	34%	31%
7	Atlas Insurance Limited	1,846	1,668	11%	49%	50%
8	Security General Insurance Company Limited	9,105	8,495	7%	76%	77%
9	East West Insurance Company Limited	756	665	14%	48%	48%
10	UBL Insurers Limited	852	753	13%	32%	36%
11	Alfalah Insurance Company Limited	805	710	13%	34%	33%
12	Premier Insurance Limited	1,608	1,528	5%	44%	45%
13	TPL Direct Insurance Limited	940	465	102%	50%	37%
14	Habib Insurance Company Limited	1,134	1,160	-2%	41%	41%
15	Century Insurance Company Limited	1,754	1,185	48%	66%	63%
16	Pak Qatar General Takaul Limited	405	324	25%	45%	29%
17	SPI Insurance Company Limited	397	329	21%	47%	50%
18	The Pakistan General Insurance Company Limited	639	572	12%	65%	64%
19	Asia Insurance Company Limited	624	556	12%	66%	68%
20	PICIC Insurance Limited	70	100	-30%	11%	10%
21	Takaful Pakistan Limited	172	152	13%	30%	26%
22	Shaheen Insurance Company Limited	366	340	8%	47%	43%
23	The Crescent Star Insurance Company Limited	510	352	45%	61%	61%
24	Alpha Insurance Company Limited	635	603	5%	65%	59%
25	Sindh Insurance Limited	599	532	13%	89%	98%
26	The Universal Insurance Company Limited	553	360	54%	71%	43%
	Total	76,653	67,491	14%	53%	51%

8. General and Administrative (G&A) Expenses and G&A Ratio

Table-7 provides figures for G&A Expenses and its subsequent ratio with Gross Premium.

As of 31 December 2015, G&A Expenses have increased by around 8%, the companies show a mixed trend with top-3 showing an above average increase. The G&A ratio showed a stable trend of 6% for the two years. Most of the large companies are showing economies of scale and G&A Ratio is lower than for smaller companies.

Table-7
G&A Expenses and G&A Ratio
(Million of Rs.)

S. No.	Name of Insurance Company	General and Administrative (G&A) Expenses			G&A Expenses as % of Gross Prem	
		Dec-15	Dec-14	% Change	Dec-15	Dec-14
1	EFU General Insurance Limited	685	592	16%	5%	4%
2	Adamjee Insurance Company Limited	571	485	18%	4%	4%
3	Jubilee General Insurance Company Limited	80	51	56%	1%	1%
4	The United Insurance Company of Pakistan Limited	249	238	5%	8%	10%
5	IGI Insurance Limited	175	188	-7%	7%	9%
6	Askari General Insurance Company Limited	178	158	13%	9%	9%
7	Atlas Insurance Limited	40	35	16%	2%	2%
8	Security General Insurance Company Limited	121	97	25%	7%	5%
9	East West Insurance Company Limited	81	73	11%	5%	5%
10	UBL Insurers Limited	97	81	19%	6%	7%
11	Alfalah Insurance Company Limited	104	105	-1%	7%	8%
12	Premier Insurance Limited	90	101	-11%	6%	7%
13	TPL Direct Insurance Limited	160	135	19%	14%	12%
14	Habib Insurance Company Limited	66	59	12%	6%	6%
15	Century Insurance Company Limited	116	96	20%	11%	13%
16	Pak Qatar General Takaul Limited	179	197	-9%	26%	20%
17	SPI Insurance Company Limited	73	53	38%	12%	10%
18	The Pakistan General Insurance Company Limited	40	39	3%	9%	9%
19	Asia Insurance Company Limited	47	35	36%	11%	11%
20	PICIC Insurance Limited	84	92	-8%	21%	18%
21	Takaful Pakistan Limited	56	46	23%	17%	17%
22	Shaheen Insurance Company Limited	63	111	-43%	20%	39%
23	The Crescent Star Insurance Company Limited	69	63	9%	26%	27%
24	Alpha Insurance Company Limited	27	28	-4%	15%	13%
25	Sindh Insurance Limited	17	7	126%	22%	317%
26	The Universal Insurance Company Limited	32	73	-56%	72%	108%
	Total	3,501	3,240	8%	6%	6%

9. Net Commission and Net Commission Ratio

Net Commission and Net Commission Ratio are provided in Table-8.

As of 31 December 2015, Net Commission has increased by 9% over the figures as of 31 December 2014. Where some companies are showing negative trend while other companies showing a positive trend. The ratio with Gross Premium is relatively stable at 9% where most of the small companies are paying commission in double figures.

Table-8
Net Commission and Net Commission Ratio
(Million of Rs.)

S. No.	Name of Insurance Company	Net Commission		
		Dec-15	Dec-14	% Change
1	EFU General Insurance Limited	620	761	-19%
2	Adamjee Insurance Company Limited	558	362	54%
3	Jubilee General Insurance Company Limited	424	330	29%
4	The United Insurance Company of Pakistan Limited	201	238	-15%
5	IGI Insurance Limited	90	94	-3%
6	Askari General Insurance Company Limited	55	60	-9%
7	Atlas Insurance Limited	64	50	28%
8	Security General Insurance Company Limited	41	29	42%
9	East West Insurance Company Limited	160	167	-4%
10	UBL Insurers Limited	10	24	-61%
11	Alfalsh Insurance Company Limited	97	96	1%
12	Premier Insurance Limited	104	144	-28%
13	TPL Direct Insurance Limited	142	145	-2%
14	Habib Insurance Company Limited	45	24	91%
15	Century Insurance Company Limited	25	18	37%
16	Pak Qatar General Takaul Limited	44	62	-29%
17	SPI Insurance Company Limited	59	57	4%
18	The Pakistan General Insurance Company Limited	19	19	4%
19	Asia Insurance Company Limited	67	37	82%
20	PICIC Insurance Limited	19	14	42%
21	Takaful Pakistan Limited	18	17	1%
22	Shaheen Insurance Company Limited	39	40	-2%
23	The Crescent Star Insurance Company Limited	25	23	11%
24	Alpha Insurance Company Limited	8	11	-23%
25	Sindh Insurance Limited	(1)	(0)	19465%
26	The Universal Insurance Company Limited	(2)	(2)	10%
	Total	2,931	2,817	4%

10. Conclusion

Paragon Actuarial and Management Consulting reviewed the financial results as of 31 December 2015 for twenty-six (26) non-life insurance companies and compared the figures to the year end of 2014.

Total Gross Premium (GP) for the above mentioned 26 companies, as of 31 December 2015, was PKR 61.32 billion, an increase of 11% as compared to GP as of 31 December 2014.

Net Underwriting Profit increased by 41% from Net Underwriting Profit of PKR 4.49 billion as of 31 December 2014 to PKR 6.32 billion as of 31 December 2015.

As of 31 December 2016, the 26 companies possessed a total of PKR 144.55 billion in Assets against Liabilities of PKR 67.859 billion. As compared to 31 December 2015, Assets increased by 10% while Liabilities increased by 6%.

We hope this report and analysis is of value to you and your companies. Please provide any feedback using the contact details below:



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