

PAKISTAN REINSURANCE COMPANY LIMITED

Analyst:

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RATING DETAILS		
RATINGS CATEGORY	Latest Rating	Previous Rating
	Long-term	Long-term
IFS RATING	AA+(IFS)	AA+(IFS)
RATING DATE	February 10, 2026	March 19, 2025
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed

Company Information

Incorporated in 2000	External auditors: Kreston Hyder Bhimji & Co., Chartered Accountants
Public Limited Company	Chief Executive Officer: Mr. Mohammed Junaid Moti (Acting)
Key Shareholders (with stake 10% or more):	Chairman: Vacant
Secretary Ministry of Commerce – 51.0%	Shariah Advisor: Mufti M. Shakir Siddiqui
State Life Insurance Corporation – 24.4%	
General Public – 15.3%	

Applicable Rating Methodology

Applicable Rating Criteria: General Insurance

<https://docs.vis.com.pk/docs/GenerallInsurance-2023.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

Pakistan Reinsurance Company Limited's ('PRCL' or the 'Company') rating reflects its sponsor profile, with 75.4% shares held by the government, either directly or through another state owned life insurance company. It is the sole reinsurer in the country, with local insurance companies required to offer one-third of their business to PRCL, with a first right of refusal, which underpins business stability.

The governance and regulatory risks have increased during the review period; there has been instability at both the Board and management level with several vacancies still present. An on-site regulatory review by the Securities and Exchange Commission of Pakistan (SECP) is presently underway. As the review remains ongoing, its outcome is not yet known and has accordingly not been incorporated into the rating evaluation. In continuation with prior years, the financial statements for the year ended December 2024 were also qualified; the contingent liability pertaining to the on-going tax dispute with the Sindh Revenue Board has increased to PKR 25.2bn by Dec-2024 which is higher than the company's own equity of PKR 23.5bn as of Sept-2025. The matter pertaining to unreconciled balances with other insurance companies also carries a qualification; the amount in lieu of this was reported lower at PKR 6.8bn as of Dec-2024.

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On the business front, while gross premium has depicted volatility due to timing of some contracts, net premium has remained stable with some decline in 9MCY25. The company writes regular business sourced from local insurance companies under treaty arrangement while large specialized risks such as aviation are procured on facultative basis and mostly placed onwards. The risk profile of treaty business, which is about one-third of gross premium, is managed by a strengthened retrocession protection program, with enhanced excess-of-loss and catastrophe covers improving resilience against large losses. Underwriting performance weakened during the review period due to higher claims incidence; overall profitability was supported by a large investment portfolio though yield on the same was lower than relevant market benchmarks. While the level of insurance debt is on the higher side, liquidity profile is still sound and capitalization indicators are also strong; notwithstanding the impact of contingent liabilities, the impact of which will be reviewed once the same is finalized and may have larger sector wide implications.

Company Profile

Pakistan Reinsurance Company Limited (PRCL or 'Company') was incorporated in Pakistan as a public limited company on March 30, 2000. The Company is engaged in the provision of reinsurance and re-takaful services in Pakistan. It provides reinsurance protection to the local insurance industry as well as managing insurance schemes assigned by the Federal Government of Pakistan which comprise state owned entities.

Sponsor Profile

PRCL is a government owned entity with 51.0% stake held directly by the Ministry of Commerce (MoC) and another 24.4% held by the State Life Insurance Corporation (SLIC). SLIC is the largest life insurer of Pakistan and also a government owned entity. PRCL is listed on the stock exchange and the remaining shareholding is spread across multiple investors.

Management and Governance

CEO PROFILE

Following the resignation of the CEO in March 2025, Mr. Muhammad Junaid Moti, who is Executive Director Underwriting at PRCL, has been given the acting charge as CEO of the company. Mr. Moti is a commerce graduate and an Associate of the Chartered Insurance Institute (ACII), London (UK). He possesses over three decades of diversified experience in the insurance and reinsurance industry. Before joining PRCL in March 2016, Mr. Moti had served with other private sector insurance companies in Pakistan. The process for appointment of a full time CEO has also been initiated by the company.

BOARD & SENIOR MANAGEMENT

PRCL's Board consists of eight members; three independent (including 2 females), four non-executives (including Chairman), and one executive director (Acting CEO). 3 of the board members are nominated by the Federal Government, 1 is nominated by MoC, 1 is nominated by SLIC, while the remaining 2 are elected from the business community (Minority Shareholders). Currently, 1 seat is vacant, i.e. SLIC has yet to notify its nominee, while members for two seats have been identified and SECP's approval is pending for the same.

Several changes occurred during 2025. 4 of the Board members completed their tenure, another 2 ceased as their respective roles changed at nominating institutions, while 1 voluntarily resigned.

2024	2025	2026
Farmanullah Zaroon (CEO)	Muhammad Junaid Moti (Acting CEO)	Muhammad Junaid Moti (Acting CEO)
Shoaib Mir (Independent)	Shoaib Mir (Independent)	Mr. Sulaiman S. Mehdi (Federal) (SECP approval pending)
Musleh-ud-Din (Independent)	Nazim Latif (Independent)	Nazim Latif (Independent) (Federal)
Romana Pervaiz (Independent)	Romana Pervez (Independent) (Federal)	Romana Pervaiz (Independent)
Zara Shaheen (independent) (Minority)	Maleeha Bangesh (Minority)	Maleeha Bangesh (Minority)
Mumtaz Ali (non-exec) (Minority)	Tariq Qaddus (Minority)	Tariq Qaddus (Minority)
Shakeel Ahmed (non-exec)	Shakeel Ahmed (non-exec); ceased during 2025	Mr. Salman Mufti (SECP approval pending)
Muhammad Rashid (non-exec) (SLIC)	Shahid iqbal Baloch (SLIC); ceased during the year	Vacant (SLIC)

PRCL had four Board Committees in 2024: (i) the Audit Committee, (ii) the Ethics, Human Resource & Remuneration Committee (EHRRC), (iii) the Investment Committee, and (iv) the Procurement Committee. On August 29, 2024, the Procurement Committee was dissolved following changes introduced under the SOEs (Governance and Operations) Act, 2023, with its responsibilities transferred to the EHRRC. The dissolution

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of the Procurement Committee and reassignment of its mandate reflects compliance with the revised SOE legal framework, maintaining continuity of procurement oversight without deviation from regulatory expectations.

Notable instability has been observed at the management level, with the Chief Financial Officer position changing twice and CEO resigning during the outgoing year; both positions are currently being held on an acting basis. In addition to this, there was also turnover at the position of Chief Internal Auditor; which has now been filled on a permanent basis. Such frequent changes in financial control positions are not considered positive. Management has indicated that the posts of CEO (interviews done) and CFO (shortlisting stage) are currently under recruitment. 5 other key positions are also vacant at the Senior Management level (Head of Retrocession, Head of Window Retakaful Operations, Head of Claims, Head of Treaty, Head of Risk Management), creating a potential gap in operational matters. These have also been advertised and shortlisting is in process.

SHARIAH COMPLIANCE

PRCL's Window Retakaful Operations (WTO) are overseen by Shariah Advisor Mufti Muhammad Shakir Siddiqui, with independent assurance provided by Kreston Hyder Bhimji & Co., Chartered Accountants. The Shariah Advisor's review confirms that the Re-takaful policies, contracts, investment screening processes, and all reviewed transactions for the year were conducted in accordance with Shariah principles and the Takaful Rules, 2012, with no instances of non-Shariah-compliant income identified; accordingly, no income purification was required for the period. The independent assurance report further validates that governance arrangements, documentation, product approvals, and operational procedures remain compliant with applicable Shariah and regulatory requirements, including segregation of Re-takaful assets and liabilities and implementation of Shariah-approved manuals and controls. Overall, disclosures indicate that the Company maintains an operational framework consistent with prescribed Shariah standards, supported by structured oversight from the Shariah Advisor and external auditors.

AUDITOR'S OPINION

Kreston Hyder Bhimji & Co Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided a qualified opinion on the financial statements for the year ended December 2024; observations provided below:

Receivable from Sindh Revenue Board (SRB) & related litigation: An amount of PKR 2.6bn (11.1% of shareholders' equity) has been carried from the year 2017 as receivable from SRB. The Company has recorded this amount as an asset; however, the Company could not substantiate any control over the underlying asset and the flow of economic benefits is remote due to ongoing Court case. The contingent liability pertaining to the on-going tax dispute with the SRB has increased to PKR 25.2bn by Dec-2024 which is higher than the company's own equity of PKR 23.5bn as of Sept-2025. Current rating does not take into account the impact of the same.

Unreconciled Balances: The Company's amount due from other insurance and reinsurance companies on account of treaty and facultative business includes unreconciled gross amount of PKR 6.8bn (29.0% of shareholders' equity) with a balance from related party amounting to PKR 49.8mn who's financial statements have not been issued after the year 2022 due to litigation issues. Similarly, the Company's amount due to other insurance companies on account of treaty and facultative business includes unreconciled amount of PKR 94.9mn (4.0% of shareholders' equity). Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remains unascertained. The reconciliation of the aforementioned balances is currently under progress.

There was also Emphasis of Matter pertaining to the following issue:

Previously, no supporting documentation of the premium and claims of the ceding insurance companies were made available to the auditors. However, effective 2023 the management has developed some control mechanism over treaty proportional business premium and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, as per the auditors, this mechanism requires consistency and continuity in the internal control system over time.

SECP REGULATORY REVIEW

An on-site regulatory review by the Securities and Exchange Commission of Pakistan (SECP) is presently underway. As the review remains ongoing, its outcome is not yet known and has accordingly not been incorporated into the rating evaluation.

Business Risk

INDUSTRY UPDATE

The year 2024 was positive for the insurance sector as Total Premium (Incl. Takaful) rose 17.6% year-on-year and underwriting discipline was strengthened across major lines. Selective repricing in loss-heavy portfolios such as motor, health, and fire, together with tighter risk screening and improved retention, helped improve the net claims ratio from about 55% in 2023 to 51% in 2024 translating into improved combined ratio (FY24: 89%; FY23: 92%). While underwriting profit almost doubled in absolute terms, its contribution to the sector's bottom line reduced slightly as fixed instruments driven investment income remained strong. The sector's profitability jumped to PKR 11,092.3mn in FY24 (FY23: PKR 6,534.7mn).

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As 2025 unfolded, however, operating conditions posed challenges. Total Premium (including takaful) contracted by 1.0% year-on-year in 9MCY25. At the same time, monsoon and flood events during 2025 generated a sharp rise in claims. Industry-wide net claims surged year-on-year in 9MCY25, particularly for damaged vehicles (sedans/saloons) in areas like Punjab and KP. As a result, the industry's net claims ratio deteriorated to 61.0% (9MCY24: 50.9%). Although insured losses represented only a fraction of total economic damage due to Pakistan's persistently low insurance penetration at under 1% of GDP, the events highlighted the need for national disaster-risk financing mechanisms. Reinsurers, while offering somewhat more capacity than in the hard-market years of 2023–24, maintained caution regarding nat-cat exposures. Renewal discussions in 2025 centered on improved data, clearer accumulation controls, and disciplined attachment structures, with Pakistan Reinsurance Company anchoring compulsory cessions and international reinsurers focusing on upper-layer catastrophe cover.

In terms of composition, the non-life (general) and life insurance segments account for ~33% and ~67% of the Gross Written Premium, respectively, including the Takaful Contribution. Takaful's significant expansion to 19.3% (CY24: 12.2%) in 9MCY25 of Total Premium (Incl. Takaful), powered by customer preference, strengthened Shariah governance, and banca-takaful partnerships continued to redefine market share dynamics and attract first-time insurance users.

Despite near-term challenges, the sector's underlying opportunity remains substantial. Penetration is still among the lowest in Asia, leaving major growth potential in bancassurance, telco-based micro-insurance, agricultural protection, health coverage expansion, and digital-first distribution. Climate-related risks will continue to shape the operating environment, influencing reinsurance terms, capital requirements, and future claims volatility, but also creating new avenues for innovation. Overall, Pakistan's insurance industry demonstrated resilience in 2024 and adaptability in 2025.

REGULATORY DEVELOPMENTS

Alongside these business developments, structural shifts will continue to shape the competitive landscape. SECP has recently imposed a minimum higher capital requirement of PKR 2,000mn. As of Sep'25, out of 28 companies in General Insurance Sector, 6 fall short of the minimum capital requirement, which is to be met by 2030. SECP's recent approval of Pakistan's first digital-only non-life insurer in 2025 marked a significant milestone, signaling the emergence of tech-driven distribution.

Other disclosure related changes are also upcoming including the implementation of IFRS 17 by the insurance sector; initially starting January 2026 with the timeline now extended to January 2027 by the SECP. This will standardize the recording of claims liability across the sector and make comparison more meaningful. In order to ensure timely and effective adoption, PRCL has engaged the services of an external consultant.

OPERATIONAL PERFORMANCE

Gross written Premium (GWP) Mix	CY23	CY24	9MCY25	9MCY24
Fire	17.9%	22.3%	16.0%	22.9%
Marine Cargo	0.7%	0.5%	0.4%	0.5%
Marine Hull	1.0%	1.6%	0.9%	1.8%
Accident & Others/Miscellaneous	4.2%	5.8%	4.5%	6.4%
Aviation	18.8%	2.4%	15.3%	1.4%
Engineering	30.6%	30.9%	38.7%	31.8%
Treaty	26.9%	36.6%	24.0%	35.2%
Total (PKR Million)	35,486.6	26,699.1	29,488.2	22,897.7
GWP (Conventional %)	95.7%	92.5%	95.0%	92.9%
GWP (Takaful %)	4.3%	7.5%	5.0%	7.1%

Gross Written Premium (GWP) stood at PKR 29.5bn (9MCY24: PKR 22.9bn; CY24: PKR 26.7bn; CY23: PKR 35.5bn) in 9MCY25. Business sourced from related parties constituted close to 66% of total GWP during the period and continues to represent a core component of the company's business mix on a gross basis. Conventional business accounted for 95.0% of total GWP, while Takaful operations contributed the remaining 5.0%. The company recorded growth of around 28.8% compared to 9MCY24, outperforming an otherwise largely flat industry during the same period. Management expects full-year GWP to reach approximately PKR 32.0bn, gradually recovering to 2023 levels.

PRCL underwrites risks on treaty and facultative basis. Treaty business covers all business segments (fire, marine, etc.) ceded by local insurers. As the sole re-insurer in Pakistan, all insurance companies are compelled to offer at least 35% of their business to PRCL under treaty

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arrangements, granting the Company the first right of refusal. The decline in treaty business in 2025 is primarily attributable to the non-renewal of certain major health-segment clients, as mutually acceptable treaty terms could not be agreed upon during renewal negotiations.

The company writes specific large risks on a facultative basis, such as government's aviation business, very little of which is retained on net account; these represent on an average about two-thirds of gross premium. The recovery in total business volumes in 2025 on a gross basis is being led by the aviation business which was missing in CY24, given that the company had entered into a 15 month contract in September 2023 for the same; if we exclude the impact of the same, the decline in business volumes from CY23 to CY24 is much smaller. Accordingly if we look at the business mix and trends on a net premium basis it reflects less volatility. In the out-going year, growth has been witnessed in facultative engineering segment, which is partly attributable to higher market rates in addition to new projects.

Going forward, the business mix of PRCL is expected to remain the same.

Retrocession Ratio	CY23	CY24	9MCY25	9MCY24
Fire	67.1%	61.4%	66.0%	65.2%
Marine Cargo	68.5%	0.0%	62.2%	0.0%
Marine Hull	86.7%	83.9%	88.4%	87.9%
Accident & Others/Miscellaneous	82.3%	78.1%	82.4%	82.1%
Aviation	91.5%	76.2%	94.3%	82.6%
Engineering	90.4%	82.9%	90.9%	85.4%
Treaty	17.6%	22.0%	29.5%	17.9%
Overall Retrocession Ratio	66.4%	55.0%	72.1%	56.4%

Net Premium Revenue	CY23	CY24	9MCY25	9MCY24
Fire	1,824.1	2,363.3	1,435.9	1,800.3
Marine Cargo	84.1	128.7	38.9	99.9
Marine Hull	52.9	68.2	28.2	39.9
Accident & Others/Miscellaneous	246.4	337.2	217.7	250.2
Aviation	425.1	430.8	264.5	319.1
Engineering	1,068.5	1,269.7	965.8	878.4
Treaty	6,871.7	7,847.0	5,386.3	5,823.1
Total Net Premium Revenue	10,572.8	12,444.9	8,337.4	9,210.9

The overall retrocession increased to 72.1% (9MCY24: 56.4%; CY24: 55.0%; CY23: 66.4%) during 9MCY25, reflecting lower retention on PRCL's own account resulting in a decline in net premium revenue to PKR 8,337.4mn (9MCY24: PKR 9,210.9mn). While the treaty business is predominantly retained by PRCL, with only 29.5% retroceded, specific risks underwritten on a facultative basis are largely retroceded in accordance with their severity and associated catastrophe exposures.

REINSURANCE ARRANGEMENTS

PRCL has excess of loss reinsurance arrangements with some of the top global reinsurers including Hannover Re (rated AA- by S&P), Malaysian Re (rated A- by AM Best), Hicox (rated A by AM Best), China Re (rated A by AM Best/S&P) and Labuan Re (rated A- by AM Best) for its treaty business. The PRCL Non-Marine Risk XOL program has been enhanced by successfully securing an additional top layer of PKR 2bn, thereby increasing its existing capacity from PKR 4bn to PKR 6bn for the period 2025-26. Similarly, the PRCL Non-Marine CAT XOL program has been

revised upwards from its existing limit of PKR 16bn to PKR 18bn. Within this structure, the private layer previously providing a limit of PKR 4bn has been increased to PKR 6bn for the period 2025-26.

Under the takaful segment, Property & Engineering Risk and CAT XOL program has also been doubled as compared to the preceding year, with the capacity increased from PKR 1bn to PKR 2bn. Additionally, Marine Risk and CAT XOL program has been revised from the existing limit of PKR 250mn to PKR 500mn, with the addition of two layers to the program for the underwriting year 2025-26. Moreover, Motor CAT XOL program has likewise been enhanced, with the limit increased by PKR 10mn from the existing PKR 30mn to PKR 40mn for the year 2025-26.

With regards to reinsurer panel developments, PRCL (Takaful Segment) has inducted new reinsurers, including Hannover Re for the Property & Engineering Risk and CAT XOL program, and Oman Re for the Marine Risk and CAT XOL program. Under the PRCL Non-Marine Risk XOL program, the lead Hannover Re, for the underwriting year 2025-26, has been transitioned to Malaysian Re. Additionally, the panel has been broadened through the inclusion of new participants such as Arch Re, Mekong Re, MS Amlin, and MENA Re. For the PRCL Marine Risk and CAT XOL program, the lead of Hiscox has been retained, while several prominent reinsurers, including Hannover Re, Hamilton, Patria Re, and Malaysian Re have been added to further strengthen the panel. In respect of the PRCL Non-Marine CAT XOL Main Program, lead has shifted from Chaucer to China Re. The reinsurer panel has also been widened with the introduction of Arundo Re and Mekong Re. Regarding the PRCL Non-Marine CAT XOL Top Layer, the lead has moved from Hannover Re to Malaysian Re. Nevertheless, Hannover Re continues to participate alongside newly inducted reinsurers. Lastly, under the PRCL Non-Marine CAT XOL Private Layer, Hannover Re has retained its lead position. Whereas, Hannover Re had previously borne the risk solely, the risk for the current year is now shared with Malaysian Re.

Financial Risk

CLAIMS EXPERIENCES

Gross Claims Ratio	CY23	CY24	9MCY25	9MCY24
Fire	14.3%	1.9%	16.0%	6.5%
Marine Cargo	4.1%	16.4%	22.6%	7.4%
Marine Hull	21.0%	93.6%	182.7%	126.8%
Accident & Others/Miscellaneous	26.6%	38.5%	1.7%	10.2%
Aviation	46.3%	-13.4%	7.9%	-6.4%
Engineering	48.0%	27.8%	0.7%	34.5%
Treaty	44.2%	47.7%	63.4%	47.8%
Overall Gross Claim Ratio	39.4%	23.1%	24.6%	26.1%

During CY24, claims expense amounted to PKR 7,419.7mn; after adjusting for retrocession recoveries, net claims expense stood at PKR 6,348.4mn, translating into a gross claims ratio of 23.1% and a net claims ratio of 51.0% for the year. The higher claims ratio was primarily driven by a material increase in claims incidence within the engineering segment during the period.

In 9MCY25, improvement in claims experience in the engineering and accident segments was largely offset on a net basis by deterioration in the fire, marine and treaty segments, resulting in the net claims ratio increasing to 67.9%. This is primarily attributable to run-off losses in the treaty segment, particularly within the health portfolio, along with flood-related losses in the property segment, which are covered under proportional reinsurance treaties. Net claims ratio has increased over the review horizon (9MCY25: 67.9%; CY24: 51.0%; CY23: 48.6%).

Net Claims Ratio	CY23	CY24	9MCY25	9MCY24
Fire	25.3%	10.7%	37.2%	32.9%
Marine Cargo	23.4%	16.4%	57.7%	7.4%
Marine Hull	117.7%	5.1%	314.5%	153.7%
Accident & Others/Miscellaneous	120.9%	35.0%	8.0%	48.3%
Aviation	60.5%	75.6%	17.9%	0.3%

Engineering	19.5%	110.2%	54.5%	81.7%
Treaty	55.8%	53.9%	82.2%	54.8%
Overall Net Claims Ratio	48.6%	51.0%	67.9%	50.9%

PROFITABILITY

	CY23	CY24	9MCY25	9MCY24
Underwriting Expense Ratio	29.8%	24.2%	27.9%	27.2%
Combined Ratio	78.5%	75.3%	95.8%	78.1%
Recurring Investment Income (PKR Mn)	3,160.8	3,702.0	2,211.7	2,814.2
Net Premium Revenue (PKR Mn)	10,572.8	12,444.9	8,337.4	9,210.9
Net Operating Ratio	48.6%	45.5%	69.3%	47.5%
Total Underwriting Profit (PKR Mn)	2,011.5	2,983.1	186.4	2,015.3

The underwriting expense ratio remained stable at 27.9% (9MCY24: 27.2%). However, with the increase in net claims ratio, the combined ratio increased to 95.8% in 9MCY25 (9MCY24: 78.1%; CY24: 75.3%; CY23: 78.5%).

The company's investment portfolio increased to PKR 27,554.5.5mn by the end of 9MCY25 (FY24: PKR 26,939.3mn; FY23: PKR 21,479.1mn). About one-third of the portfolio is invested in equities (directly and through mutual funds and unlisted shares), in relation to the company's own equity, this is about 45% and represents market risk a little on the higher side. The remaining portfolio is largely deployed in government securities such as PIBs and T-Bills (about 70%), representing minimal credit risk.

In 9MCY25, the company generated gross investment income of PKR 2,671.1mn (CY24: PKR 3,770.5mn); with an overall gross return (realized plus unrealized) of 9.5% (CY24: 13.9%); which lagged behind the benchmarks for equity and fixed income markets. There is expectation of further rate reduction in CY26 which may exert pressure on overall portfolio yield, given that majority of the portfolio is deployed in fixed income instruments of which PKR 4bn (14.5% of portfolio) is deployed in t-bills.

LIQUIDITY PROFILE

Liquidity Indicators	CY23	CY24	9MCY25	9MCY24
Liquid Assets/Net technical reserves	145.9%	211.5%	218.0%	197.0%
Insurance Debt to Gross Premium	46.8%	36.2%	54.0%	64.4%

The investment portfolio remains largely liquid, providing sizeable coverage against net technical reserves. As of 9MCY25, insurance debt significantly increased to PKR 21,227mn (FY24: PKR 9,663.4mn) owing to an increase in receivable amounting to PKR 12,973.5mn from a related party, of which PKR 5,348.2mn has been received by November 2025. The insurance debt-to-gross premium ratio while having declined to 54.0% (9MCY24: 64.4%) in 9MCY25, remains higher than acceptable benchmarks. The ageing profile of premium receivables is satisfactory, with 13.6% of premiums outstanding for more than one year as at end-1HCY25; provisions may need to be considered for older business unless a strong case for recovery of the outstanding amount persists.

CAPITALIZATION

Capitalization Indicators	CY23	CY24	9MCY25	9MCY24
Equity (PKR mn)	18,139.7	21,202.2	23,536.4	19,700.1
Operating Leverage	58.3%	58.7%	47.2%	62.3%
Financial Leverage	81.2%	60.1%	53.7%	61.5%

PRCL's capitalization levels have shown consistent improvement over time, driven by internal capital generation. It maintains a sound solvency position, with a sufficient cushion of total admissible assets in relation to liabilities. The operating leverage and financial leverage ratio has declined during the review period. PRCL's equity is compliant with the revised minimum paid-up capital requirement of SECP.

Financial Summary	CY23	CY24	9MCY25	9MCY24
Balance Sheet				
Cash and Bank Balances	3,159.8	3,235.5	1,158.0	2,444.6
Investments	18,319.3	23,703.8	26,396.5	21,420.7
Liquid Assets	21,478.4	26,938.7	27,554.0	23,864.6
Receivable from Sindh Revenue Board	2,573.9	2,573.9	2,573.9	2,573.9
Insurance Debt	16,621.4	9,663.4	21,227.0	19,664.0
Prepayments	10,042.6	6,955.3	13,031.9	11,900.4
Reinsurance Recoveries	18,206.2	15,767.1	9,535.5	16,557.1
Total Assets	76,887.4	69,080.0	81,720.8	78,939.5
Technical Reserves	42,973.8	35,461.0	35,207.9	40,568.7
Total Liabilities	58,747.7	46,182.0	56,575.6	59,239.3
Paid up capital	9,000.0	9,000.0	9,000.0	9,000.0
Adjusted Equity	18,139.7	21,202.2	23,536.4	19,700.1
Income Statement	CY23	CY24	9MCY25	9MCY24
Net Premium Revenue	10,572.8	12,444.9	8,337.4	9,210.9
Net Claims	5,142.9	6,348.4	5,662.3	4,689.6
Underwriting Profit	2,011.5	2,983.1	186.4	2,015.3
Investment Income	2,389.5	3,443.4	2,482.5	2,520.0
Profit Before Tax	5,189.3	6,820.3	2,864.2	4,741.9
Profit After Tax	3,065.2	3,778.3	1,830.5	2,639.3
Ratio Analysis	CY23	CY24	9MCY25	9MCY24
Retrocession Ratio (%)	66.4%	55.0%	72.1%	56.4%
Gross Claims Ratio (%)	39.4%	23.1%	24.6%	26.1%
Net Claims Ratio (%)	48.6%	51.0%	67.9%	50.9%
Underwriting Expense Ratio (%)	29.8%	24.2%	27.9%	27.2%
Combined Ratio (%)	78.5%	75.3%	95.8%	78.1%
Net Operating Ratio (%)	48.6%	45.5%	69.3%	47.5%
Insurance Debt to Gross Premium (%)	46.8%	36.2%	54.0%	64.4%
Operating Leverage (%)	58.3%	58.7%	47.2%	62.3%
Net Financial Leverage (%)	81.2%	60.1%	53.7%	61.5%
Liquid Assets to Adjusted Technical Reserves (%)	145.9%	211.5%	218.0%	197.0%

*Annualized

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	Pakistan Reinsurance Company Limited			
Sector	Insurance			
Type of Relationship	Solicited			
Purpose of Rating	Insurer Financial Strength			
Rating History	Rating Date	REIT Rating	Rating Outlook	Rating Action
	RATING TYPE: IFS			
	02/10/2026	AA+(IFS)	Stable	Reaffirmed
	03/19/2025	AA+(IFS)	Stable	Reaffirmed
	02/27/2024	AA+(IFS)	Stable	Reaffirmed
	12/30/2022	AA+(IFS)	Stable	Maintained
	03/31/2022	AA+(IFS)	Positive	Harmonized
	12/28/2021	AA	Positive	Maintained
	04/02/2021	AA	Positive	Maintained
	12/19/2019	AA	Stable	Reaffirmed
	10/12/2018	AA	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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Due Diligence Meeting Conducted		Name	Designation	Date
	1	Mr. Muhammad Junaid Moti	Acting CEO	December 31 st , 2025
	2	Mr. Muhammad Naveed Iqbal	Acting CFO/CIO	
	3	Sumeet Kumar	Company Secretary/Head of Legal Department	
	4	Bashir Ahmad	HOD Compliance	
	5	Uneeb Aslam	HOD Claims	
	6	Tameez Ud Din	General Manager Audit	
	7	Shehper Tanveer	AGM/Underwriting Specialist	
	8	Taha Noor	SEO/In-charge Retrocension	