RATING REPORT

EFU Life Assurance Limited

REPORT DATE:

March 6, 2025

RATING ANALYSTS:

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RATING DETAILS		
	Latest Rating	**Previous Rating**
Rating Category	**Long-term**	**Long-term**
IFS	AA++ (IFS)	AA++(IFS)
Rating Date	*March 6, 2025*	*December 29, 2023*
Rating Outlook/ Rating Watch	Stable	Stable
Rating Action	Reaffirmed	Reaffirmed

COMPANY INFORMATION	
Incorporated in 1992	**External auditors:** M/s EY Ford Rhodes
Public Limited Company	**Chairman of the Board:** Mr. Rafique R. Bhimjee
Key Shareholders:	**Chief Executive Officer:** Mr. Mohammad Ali Ahmed
EFU General – 46.32%	
Jahangir Siddiqui & Co. Limited – 20.05%	
Syed Salman Rashid – 10.03%	

APPLICABLE METHODOLOGY(IES)

Applicable Rating Criteria: Life Insurance Family Takaful
https://docs.vis.com.pk/docs/LifeTakaful-Oct-2023.pdf

APPLICABLE RATING SCALE(S)

VIS Issue/Issuer Rating Scale:
https://docs.vis.com.pk/docs/VISRatingScales.pdf

EFU Life Assurance Limited

OVERVIEW OF THE INSTITUTION	RATING RATIONALE

EFU Life Assurance Limited (EFUL) commenced operations in November 1992. The company offers individual life, group life and health covers, with individual policies being the company's major business line in terms of premium income.

The rating assigned to EFU Life Assurance Limited ('EFUL' or 'the Company') takes into consideration the Company's dominant market position in the private life insurance industry. On an overall basis including public sector the market share stood at 10.5% (9MCY23: 9.16%). The rating also derives support from strong sponsorship profile comprising of the EFU Group, Pakistan's largest insurance conglomerate and considers the quality and stability of the Company's senior management. The Company expanded its operational scope through the acquisition and subsequent merger with EFU Health Insurance Limited. This strategic merger aimed not only to solidify EFU Life's market position but also to enhance its health insurance product offerings, thereby delivering greater value to its stakeholders through increased market reach and operational synergies. In addition to this, EFUL has a dedicated and independent enterprise risk management (ERM) function that ensures sound risk recognition, assessment and development of controls in respective areas of operation.

Additionally, the financial risk assessment highlights the positive impact of topline growth, driven primarily by the success of group business. Despite higher surrender claims, the bottom-line performance was supported by sizeable uptick in investment income generated from debt instruments as the overall investment portfolio is largely tilted towards them. The rating also incorporates sound reinsurance arrangements with renowned international reinsurers with appropriate risk retention on net account to maintain risk appetite of the Company. Moreover, with sufficient available liquid assets along with adequate capital coverage of claims, liquidity and capitalization levels remained satisfactory. Going forward, improvement in the underwriting performance, particularly by restricting policy surrenders and uplifting business volumes in the individual segment, will be important from a rating's perspective.

Key Rating Drivers

Insurance Sector Update

Global Overview

The global insurance industry has demonstrated remarkable resilience and adaptability amidst evolving macroeconomic conditions and heightened geopolitical tensions. In 2023, the industry recorded its strongest growth since 2006, expanding by 7.5%. Global premiums reached USD 7.2 trillion, divided among life insurance (USD 2.8 trillion), property and casualty (P&C) (USD 2.1 trillion), and health insurance (USD 1.4 trillion).

Regional market dynamics underscore significant variances in growth. North America continues to dominate the P&C and health insurance segments, contributing 54.2% and two-thirds of global premiums, respectively. The Asia-Pacific region led the recovery in life insurance, buoyed by China's post-pandemic rebound (7.7% growth) and India's exceptional growth trajectory of 13.6%. In Europe, life insurance premiums grew by 3.3% in 2023 after a contraction in 2022, though challenges persist, including a heavy reliance on single-premium products.

Sustainability and ESG (Environmental, Social, and Governance) integration have become central to insurers' strategies, with almost all firms embedding sustainability goals into their investment portfolios. Clean energy and transition technologies are particularly prominent themes. Technological innovation, especially through artificial intelligence (AI), is disrupting traditional insurance processes. AI is now critical for underwriting, claims management, and risk modeling, while insurtech advancements enable real-time customer engagement and personalized products.

Capital management strategies are also evolving in response to macroeconomic changes. Higher interest rates have improved investment yields, prompting insurers to increase allocations to private markets and alternative assets, such as infrastructure debt. Liquidity management remains a top priority as insurers strive to balance portfolio diversification with maintaining stable risk levels. Meanwhile, regulatory developments and geopolitical tensions are among the top macroeconomic concerns for insurers, further complicated by diverging monetary policies across regions.

Looking ahead, the global insurance market is projected to grow at an annual rate of 5.5% over the next decade, with life and health insurance driving much of this expansion. Asia is expected to remain the primary growth engine, accounting for nearly half of the absolute premium increase. However, the industry must address key challenges, such as balancing insurability and affordability amidst rising climate and cyber risks, tackling inequalities exacerbated by demographic and economic shifts, and adapting to regulatory changes in a fragmented geopolitical environment.

Local Overview

The insurance sector in Pakistan, demonstrates a complex and evolving landscape. The industry is divided into life and non-life insurance segments, with significant contributions from both conventional and takaful (Islamic insurance) operations. However, insurance penetration remains low, at 0.79% of Gross Domestic Product (GDP). In 2023, the life insurance sector reported a gross premium of PKR 404b, with claims paid amounting to PKR 289b. Health policies dominated the product distribution, constituting 41% of the total premium, followed by participating policies at 30% and unit-linked policies at 23%. The non-life insurance sector, on the other hand, recorded a gross premium of PKR 227b, with claims paid totaling PKR 84b. Fire and property damage insurance accounted for the largest share of the premium at 31%, followed by motor insurance at 20% and engineering insurance at 16%.

The financial performance of the sector highlights a substantial investment income, with the life insurance segment reporting total assets of PKR 2,518b and investments of PKR 1,911b. The non-life insurance segment also showed strong financial health, with total assets of PKR 381b and investments of PKR 145b. The takaful sector, although smaller, shows promising growth potential, particularly in the family takaful segment, which contributed 35% of the total private sector premium. The general takaful segment accounted for 11% of the total non-life insurance industry premium.

Challenges facing the sector include low motor insurance adoption, limited local reinsurance capacity, and a shortage of skilled human resources. The SECP's strategic plan underscores the importance of adopting IFRS-17 by January 2026, embracing technological advancements, strengthening legislative frameworks, and enforcing compulsory insurance schemes to tackle current challenges. Overall, the insurance sector in Pakistan is poised for potential growth, driven by both conventional and takaful operations. The industry's financial stability, coupled with strategic initiatives by the SECP, positions it well for future expansion and increased penetration in the national economy.

Auditor’ Opinion

EY Ford Rhodes Chartered Accountants has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of December 2023.

Acquisition of EFU Health Insurance Limited

In the second quarter of 2024, EFU Life Assurance Limited significantly expanded its operational scope through the acquisition and subsequent merger with EFU Health Insurance Limited. The merger process began with the board's approval on September 28, 2023, and was finalized in an Extraordinary General Meeting on October 23, 2023. EFU Life acquired 100% of EFU Health's shares, translating into the issuance of 5 million new ordinary shares of EFU Life, effectively valuing the transaction at PKR 500m. This acquisition was completed on April 1, 2024, following all necessary corporate and regulatory approvals.

The formal amalgamation took effect on May 1, 2024, under a scheme of amalgamation as per Section 284 of the Companies Act 2017. As a result of this merger, EFU Life assimilated assets totaling PKR 4.3b from EFU Health, encompassing property, equipment, intangible assets, and various forms of receivables and investments, among others. The liabilities transferred amounted to PKR 3.6b. The net assets transferred were valued at PKR 684.7m, leading to a bargain purchase gain of PKR 165.0m. This strategic merger aimed not only to solidify EFU Life's market position but also to enhance its health insurance product offerings, thereby delivering greater value to its stakeholders through increased market reach and operational synergies.

Business Update – EFUL

EFUL has an extensive branch network consisting of 280 locations spread across the country; the management has consolidated its outreach in order to reduce cost inefficiencies and boost profitability, having already closed about 30-40 branches during the ongoing year. EFUL's presence in the mass market and inclusive insurance segments have expanded on a timeline basis, providing coverage to an additional 5.5m people during CY23. The Company has established 31 partnerships with various firms including telecommunication companies, branchless banks, microfinance institutions and technology platforms in order to provide small-ticket size, affordable insurance products to the general public.

The Company's aggregate gross premium written/ Contribution increased by 7.6% on during 3QCY24, amounting to PKR 28.5b (9MCY23: PKR 26.5b) as opposed to 8.3% decline in overall industry resulting in a higher market share of 10.5% (9MCY23: 9.16%). Conventional GWP amounted to PKR 21.7b (9MCY23: PKR 20.5b) whereas the Takaful contribution was recorded at PKR 6.7b (9MCY23: PKR 6.0b) by end-Sept'24. Both takaful and conventional segments grew during the review period contributing to the overall growth observed in GWP.

Table 1: Gross Written Premium/ Contribution

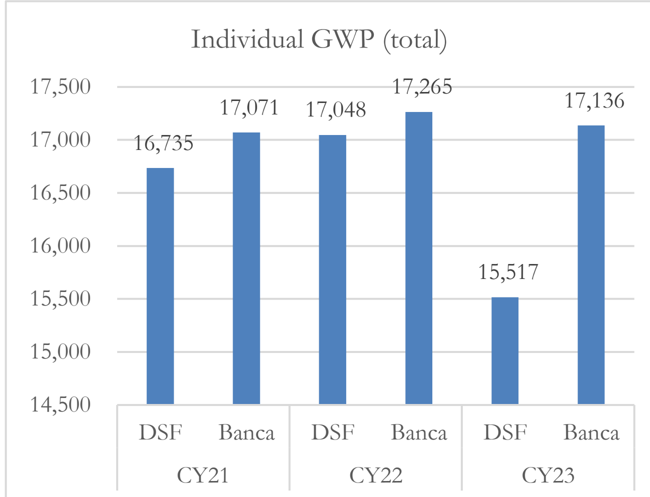
(PKR million)	**CY22**		**CY23**		**3QCY24**		**3QCY23**	
Individual Policies		**34,312**		**32,630**		**22,005**		**22,424**
Conventional	66.8%	26,427	66.5%	24,897	57.8%	16,448	64.6%	17,095
Takaful	19.9%	7,885	20.6%	7,733	19.5%	5,557	20.1%	5,330
Group Policies		**5,253**		**4,837**		**6,466**		**4,037**
Conventional	11.7%	4,644	10.7%	4,020	18.6%	5,288	12.8%	3,383
Takaful	1.5%	609	2.2%	816	4.1%	1,178	2.5%	654
Total GWP/ Contribution	**100%**	**39,565**	**100%**	**37,467**	**100%**	**28,470**	**100%**	**26,461**

The overall increase in GWP/Contribution during 9MCY24 was an outcome of increase in group policies to PKR 6.5b (9MCY23: PKR 4.0b) as corporate entities were better placed to absorb inflation adjustments to premium prices. On the other hand, individual GWP posted a decline; the same is a result of erosion of disposable incomes in line with inflation coupled with the already minimal penetration of life insurance in the local market. Additionally, the availability of alternative investment products offering competitive returns further discouraged the adoption of unit-linked insurance policies. Within the individual segment, some growth was manifested in the subsequent year premiums and decline was observed in first year and segment year renewals.

Table 2: Gross Written Premium Year Wise

(PKR million)	**CY22**	**%**	**CY23**	**%**	**3QCY24**	**%**	**3QCY23**	**%**
Individual Policies	**34,312**		**32,630**		**22,005**		**22,424**	
First Year	7,142	18%	5,561	15%	3,251	11%	3,574	14%
Second Year Renewal	5,379	14%	4,816	13%	2,898	10%	3,432	13%
Subsequent Year	21,071	53%	21,271	57%	15,040	53%	14,762	56%
Single Premium Contribution	719	2%	982	3%	816	3%	656	2%
Group Policies	**5,253**	**13%**	**4,837**	**13%**	**6,466**	**23%**	**4,037**	**15%**
Total GWP (Conv. & Takaful)	39,565	100%	37,467	1	28,470	1	26,461	100%

Going forward, the projected new business premium is PKR 11.6b however with commencement of health insurance business after acquisition and amalgamation of EFU Health Insurance Limited, the total business premium is expected to be PKR 14.3b; the same is expected to be dominated by group business and with inclusion of health business, group portion will increase further.



In terms of sales channels, there is usually an even split in individual gross premium generated between the Company's direct sales force and bancassurance arrangements and this trend is expected to continue in the medium to long-term because the Company relies notably on its partnerships across 15 banks to capture market share, particularly given the absence of a captive bank.

However, channel-wise distribution of individual gross written premium for CY23 suggests that there was a decrease in the total individual gross premium and consequently, both GWP emanating from both DSF and Banca declined during the review period. Additionally, sales through DSF channel reduced to PKR 15.5b (CY22: PKR 17.1b) during CY23 with decline manifested in the first-year individual regular premium (*conventional & takaful*) and individual single premium.

Additionally, the conventional and takaful persistency ratios were recorded at 79.5% (CY22: 81.4%) and 74.6% (CY22: 77.3%) respectively; the same is attributable to weak macroeconomic conditions characterized by high inflation that reduced the disposable income of individuals coupled with prioritization of other financial obligations over the life insurance premiums. Persistency for conventional Bancassurance and sales force channels based on premiums declined to 77.7% (CY22: 79.7%) and 81.1% (CY22: 81.1%) respectively whereas the persistency for takaful Banca and DSF channels based on premiums reduced to 76.8% (CY22: 78.5%) and 70.4% (CY22: 73.8%) by end-CY23.

	Conventional		**Takaful**	
Persistency (Premium)	**CY22**	**CY23**	**CY22**	**CY23**
Bancassurance	79.7%	77.7%	78.5%	76.8%
Sales Force	82.8%	81.1%	73.8%	70.4%
Overall	81.4%	79.5%	77.3%	74.6%

Going forward, EFUL plans to expand its market by strengthening its distribution channels, including the Agency Sales Force, Bancassurance, Corporate, Digital, and Inclusive Channels. This involves enhancing the product range and refining existing propositions offered through these channels, alongside expanding its geographical footprint to serve customers across Pakistan. The recent acquisition and amalgamation of EFU Health into EFU Life has created a strategic opportunity to expand into the health insurance segment, particularly the retail health market, which remains largely untapped. EFU Life has recently introduced its wellbeing brand, WIN, which aims to cater to a new customer segment focused on health and wellness.

Additionally, EFU Life has launched the Aasaan product range, including its first With-Profits product. This range is designed to meet the needs of customer segments seeking simple insurance and long-term savings solutions. The Company expects these offerings to strengthen its market position and attract a broader customer base in the coming years. EFU Life is also in the process of launching its retirement range of products including Voluntary Pension Scheme, through which it plans to tap into a growing and largely untapped retirement market.

Profitability performance

Given that the insurance penetration is correlated with the economic growth and disposable income which remained hard hit due to inflationary pressures and economic challenges during the outgoing year, EFUL's Net Written Premium/ Contribution (NWP) posted a decline to PKR 36.4b (CY22: PKR 38.5b) during CY23 wherein conventional business aggregated to PKR 28.3b (CY22: PKR 30.3b) and takaful business was PKR 8.2b (CY22: PKR 8.2b). Whereas an increase was evidenced during 9MCY24 to PKR 26.8b (9MCY23: PKR 25.3b) on account of improvement in the macroeconomic conditions. From the given NWP, PKR 20.5b (9MCY23: PKR 19.8b) emanates from conventional segment and PKR 6.3b (9MCY23: PKR 5.7b) is from takaful business.

Net Premium/ Contribution Revenue	**CY22**		**CY23**		**3QCY24**		**3QCY23**	
Investment Linked Business	68.1%	26,201	68.0%	24,773	60.8%	16,272	66.6%	16,929
Conventional Business	10.6%	4,074	9.6%	3,478	12.5%	3,358	11.2%	2,845
Participating Business						1		
Pension Business (Unit Linked)	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Accident & Health Business	0.0%	1	0.0%	0	3.1%	825	0.0%	0
Family Takaful Investment Linked Business	20.2%	7,769	21.0%	7,627	20.4%	5472	20.7%	5,253
Family Takaful Protection Business	1.0%	399	1.4%	515	2.7%	722	1.5%	393
Family Takaful Accident & Health	0.0%	-	0.0%	-	0.4%	100	0.0%	-
Policy transfers from other statutory funds	0.1%	26	0.0%	11	0.1%	17	0.0%	10
Net Premium/ Contribution (PKR million)	**38,471**		**36,404**		**26,767**		**25,430**	

During CY23, NWP was primarily dominated by investment linked business followed by family takaful investment linked business however, the NWP pertaining to both declined during CY23. Slight increase was observed in the family takaful protection business but it still remains meagre. Additionally, in 9MCY24, the proportion of investment linked business in the business mix declined further and the subsequent share was taken up by Family Takaful Protection business. A significant decline was observed in the family takaful investment linked business during the ongoing year.

Net claims/ net insurance benefits rose to PKR 32.1b (CY22: PKR 26.6b) by end-CY23 due to high claims pertaining to surrenders among individual life clients to PKR 24.1b (CY22: PKR 18.7b). The elevated policy surrenders among individual life clients can be partially attributed to macroeconomic challenges and dwindling purchasing power of individuals owing to high inflation. Resultantly, the net claims ratio deteriorated to 88.2% (CY22: 69.1%). On the other hand, total expenses remained largely consistent with the previous year at PKR 10.7b (CY22: PKR 10.5b). Despite this stability, the expense ratio increased to 29.4% (CY22: 27.2%) by end-CY23, reflecting the Company's continued investment in operational growth and policyholder services. Additionally, net change in insurance liabilities also expanded to PKR 28.9b (CY22: PKR 13.1b) followed by a significant increase in the investment income to PKR 39.3b (CY22: PKR 14.5b). Consequently, EFUL recorded a higher net income to the tune of PKR 2.1b (CY22: PKR 1.7b) during CY23.

Furthermore, during 9MCY24, same trend was witnessed with a higher quantum of net claims to PKR 30.2b (9MCY23: Rs 23.3b) as opposed to subsequent period last year (SPLY); the same emanates from higher policy surrenders and maturity claims under individual policy whereas group related claims also recorded a hike. Consequently, net claims ratio increased to 112.7% (9MCY23: PKR 91.7%) by end-9MCY24. Total expenses also increased due to higher marketing and administrative investments, resulting in an elevated expense ratio of 31.7% (9MCY23: 28.7%). This reflects the Company's commitment to strengthening its market presence and operational capacity during this period. However, owing to a significant increase in the investment income to PKR 39.5b (9MCY24: PKR 24.8b) due to higher returns generated from fixed income instruments amidst the high policy rate environment of the aforesaid period along with higher net unrealized gains on financial assets to the tune of PKR 8.2b (9MCY23: PKR 4.0b), the Company was able to record a higher net income of PKR 2.1b (9MCY23: PKR 1.4b) by end-9MCY24. Going forward, the ratings will remain sensitive to the Company's ability to bring down the loss ratios to manageable levels by arresting policy surrenders

Table 3: Profit and Loss statement (Extract) *(PKR million)*	CY22	CY23	3QCY24	3QCY23
Premium/ Contribution revenue	**39,564.7**	**37,467.1**	**28,470.4**	**26,461.0**
Reinsurance ceded to reinsurer	794.3	666.7	1,279.5	703.1
Retakaful contribution ceded	299.1	396.6	423.9	328.6
Total	***1,093.4***	***1,063.3***	***1,703.4***	***1,031.6***
Conventional Net Written Premium	30,276.7	28,250.9	20,456.2	19,774.4
Net Contribution Revenue	8,194.6	8,152.9	6,310.8	5,654.9
Net Premium/ Contribution revenue	***38,471.3***	***36,403.8***	***26,767.0***	***25,429.7***
Net Insurance Benefits	(26,601.1)	(32,121.8)	(30,168.8)	(23,329.2)
Acquisition Expense	(7,895.6)	(7,279.1)	(5,268.4)	(5,013.4)
Marketing and Admin Expense	(2,542.1)	(3,253.1)	(3,120.4)	(2,256.3)
Worker's welfare fund		(122.1)	(62.2)	
Other expenses	(42.4)	(44.9)	(30.4)	(32.0)
Total Expenses	(10,480.1)	(10,699.2)	(8,481.4)	(7,301.7)
Underwriting Income/ Loss	***1,390.1***	***(6,417.2)***	***(11,883.3)***	***(5,201.3)***
Net change in Insurance liabilities	(13,082.6)	(28,932.1)	(24,101.1)	(16,801.0)
Investment Income (Inc. other fee income)	14,534.6	39,346.8	39,454.2	24,825.6
Profit Before Tax	***2,842.1***	***3,997.6***	***3,469.8***	***2,823.3***
Profit After Tax	***1,692.1***	***2,066.2***	***2,093.0***	***1,369.2***

Reinsurance

Reinsurance treaty terms for individual life and group business remain unchanged during the period under review. Overall risk profile of the panel remains sound as the ratings of all the reinsurers are within the 'A' band or higher. And no changes were observed in terms of retention on net account.

Investments

	CY22	CY23	3QCY24
Equities	12.3%	11.5%	13.5%
Gov Securities	73.7%	79.0%	79.1%
- PIBs	*32.9%*	13.7%	8.7%
- T-Bills	*33.5%*	54.6%	58.8%
- Pakistan Energy Sukuks	*0.9%*	0.8%	0.7%
- Government Ijara	*6.4%*	9.8%	10.9%
Debt Securities	5.0%	4.3%	3.4%
Term Deposits	8.8%	3.9%	2.3%
Mutual Funds	0.2%	1.4%	1.7%
Total	**100.0%**	**100.0%**	**100.0%**

Overall investment portfolio expanded to PKR 223.6b by end-Sept'24 (CY23: PKR 194.9b; CY22: PKR 164.6b); the same remained dominated by government securities on account of the management's conservative approach, volatile stock market performance and higher policy rates during the review period.

Over the rating review period, investment in government securities were notably redirected from long-term PIBs toward short-term T-Bills. Consequently, as the average duration of the government security mix decreased, the associated price and reinvestment risk moderated; the same is viewed positively particularly since the majority of the government instruments are available-for-sale, reducing impact of market-to-market losses. Investment in government Ijarah sukuks also witnessed an uptick to PKR 24.3b (CY23: PKR 19.5b; CY22: PKR 10.5b). Remainder of government securities were vested in Pakistan Energy Sukuks amounting to PKR 1.6b (CY23: PKR 1.6b; CY22: PKR 1.5b). However, in line with declining interest rates and slight recovery witnessed in macroeconomy and stock market performance, carrying value of equity investments improved to PKR 30.1b (CY23: 22.3b; CY22: 20.2b) during 9MCY24. The Company's investments in term deposits depicted a decrease over the rating review period, standing at PKR 5.1b (CY23: PKR 7.5b; CY22: PKR 14.4b) and majority of these have been channeled to equity securities. Debt securities, also decreased PKR 7.7b (CY23: PKR 8.4b; CY22: PKR 8.3b) manifested mainly in TFCs.

The remainder of the investment portfolio constituted of mutual funds amounting to PKR 3.8b (CY23: PKR 2.7b; CY22: PKR 391.1m). Given that the investment mix was dominated by government securities, the associated credit risk is considered low. Going forward, management aims to lower its average duration by continuing to invest in short-term instruments and floaters amid declining policy rates.

Liquidity and Capitalization

Liquidity and Capitalization	**CY21**	**CY22**	**CY23**	**9MCY24**
Liquid Assets/ Insurance Liabilities	102.47%	101.69%	101.73%	101.65%
Liquid Assets/Total Liabilities	99.05%	98.27%	98.36%	98.48%
Equity to Assets	3.8%	3.6%	3.3%	3.5%
Operating Leverage	588.4%	606.0%	523.8%	321.9%

In line with sizable profit generation during the review period, equity base increased to PKR 8.4b (CY23: PKR 6.9b; CY22: PKR 6.4b) by end-Sept'24 on account of increase manifested in the retained earnings of the Company. The Company also paid a dividend of PKR 1.5/per share during the aforesaid period.

Overall risk absorption capacity of the Company is considered sound, in view of healthy solvency margin levels. Additionally, the increase in quantum of liquid assets on a timeline was able to offset the impact of higher financial obligations that emanated from increase in claims payment to PKR 31.1b (CY23: PKR 32.3b; CY22: PKR 26.2b) due to higher surrenders, consequently liquid assets relative to total liabilities were maintained at to 98.5% (CY23: 98.4%; CY22: 98.3%) by end-9MCY24; the same is satisfactory in relation to the assigned rating. Liquidity profile draws support from availability of sizable cash and bank deposits to the tune of PKR 3.5b (CY23: 5.1b; CY22: PKR 4.6b).

Ratings takes a note of Operational Improvements undertaken

- EFUL launched a WhatsApp Service" designed to offer policyholders valuable information about their policies and features
- Implemented an automated system dedicated to managing grievances and complaints of policyholders. The system enables real-time monitoring and prompt escalation of complaints.
- Implemented an improved Group Life Administration System, incorporating automation that empowered sales and operations teams to offer prospective and existing corporate clients dynamic pricing, streamlined underwriting and digital platform for real time client servicing information
- Installed a firewall, designed to identify, and mitigate threats. This advanced system protects web applications from sophisticated web attacks using virtual execution system, while also managing the prevention mechanism along with anti-ransom capabilities.
- The Company implemented Cyber Command and Internet Access Gateway aiding in the identification and mitigation of known and unknown internal and external cyber threats with advanced threat detection and prevention mechanisms to enhance overall cyber security.

EFU Life Assurance Limited — Appendix I

FINANCIAL SUMMARY				PKR million
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**9MCY24**
Cash and Bank deposits	4,608	4,559	5,055	3,488
Investments	150,902	164,633	194,864	223,595
Liquid Assets	155,510	169,192	199,919	227,083
Total Assets	163,180	178,514	210,204	238,980
Paid Up Capital	1,000	1,000	1,000	1,000
Net Worth	6,178	6,349	6,949	8,316
Liabilities of Statutory Fund	151,758	166,383	196,525	223,392
Total Liabilities	157,002	172,165	203,253	230,579
INCOME STATEMENT	**CY21**	**CY22**	**CY23**	**9MCY24**
Gross Premium/ Contribution	37,407	39,565	37,467	28,470
Net Premium Revenue	36,350	38,471	36,404	26,767
Gross Claims	26,336	27,421	32,850	31,576
Net Claims	23,020	26,601	32,122	30,169
Investment Income (Inc. gain & others)	7,479	14,535	39,347	39,454
Total Expenses	10,237	10,480	10,699	8,481
Profit Before Tax	2,141.7	2,842	3,998	3,470
Profit After Tax	1,508.2	1,692	2,066	2,093
RATIO ANALYSIS	**CY21**	**CY22**	**CY23**	**9MCY24**
Market Share (Overall)*	13.0%	10.8%	9.19%	10.5%
Market Share (Private Life Insurance)*	29.7%	31.4%	28.4%	29.6%
Overall Cession Ratio	2.8%	2.8%	2.8%	6.0%
Gross claims ratio	70.4%	69.3%	87.7%	110.9%
Net claims ratio	63.3%	69.1%	88.2%	112.7%
Expense ratio	28.2%	27.2%	29.4%	31.7%
Combined Ratio	91.5%	96.4%	117.6%	144.4%
Persistency (Conventional)	86.90%	81.41%	79.52%	74.29%
Persistency (Takaful)	69.70%	77.31%	74.55%	70.25%
Liquid Assets/ Insurance Liabilities	102.47%	101.69%	101.73%	101.65%
Liquid Assets/Total Liabilities	99.1%	98.3%	98.4%	98.5%

**Sourced from Insurance Association of Pakistan Life Insurance Numbers*

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	EFU Life Assurance Limited
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook/ Rating Watch	Rating Action
RATING TYPE: INSURER FINANCIAL STRENGTH				
03/06/2025	AA++ (IFS)		Stable	Reaffirmed
12/29/2023	AA++ (IFS)		Stable	Reaffirmed
12/30/2022	AA++ (IFS)		Stable	Reaffirmed
03/31/2022	AA++ (IFS)		Stable	Harmonized
8/04/2021	AA+		Stable	Reaffirmed
8/21/2020	AA+		Stable	Reaffirmed
3/15/2019	AA+		Stable	Reaffirmed
12/04/2017	AA+		Stable	Reaffirmed
5/24/2016	AA+		Stable	Upgrade
3/10/2015	AA		Stable	Reaffirmed

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 insurer financial strength 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 Meetings

Name	Designation	Meeting Date
Sohaib Inam	Sr. Manager - Actuarial Services Department	**18 December, 2024**
Musab Nadeem	Ass. Manager - Actuarial Services Department	