RATING REPORT

Jubilee Life Insurance Company Limited

REPORT DATE:
February 10, 2025

RATING ANALYSTS:
Musaddeq Ahmed Khan
mussadeq@vis.com.pk

RATING DETAILS		
	Latest Rating	**Previous Rating**
Rating Category	**Long-term**	**Long-term**
IFS	AA++ (IFS)	AA++(IFS)
Rating Date	*Feb 10, 2025*	*Feb 22, 2024*
Rating Outlook/ Rating Watch	Stable	Stable
Rating Action	*Reaffirmed*	*Reaffirmed*

COMPANY INFORMATION	
Incorporated in 1995	**External auditors: M/s** KPMG Taseer Hadi & Co. Chartered Accountants
Public Limited Company	**Chairman of the Board:** Mr. R. Zakir Mahmood
Key Shareholders:	**Chief Executive Officer & Managing Director:** Mr. Javed Ahmed
Aga Khan Fund for Economic Development S.A., Switzerland – 57.9%	
Habib Bank Limited Treasury Division – 18.5%	
Jubilee General Insurance Company Limited – 6.4%	

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

Jubilee Life Insurance Company Limited

OVERVIEW OF THE INSTITUTION

Jubilee Life Insurance Company Limited (JLICL) commenced operations in 1996. The addresses of its registered and principal office are 26-D, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad and Jubilee Life Insurance Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi, respectively. JLICL is listed on the Pakistan Stock Exchange.

RATING RATIONALE

Jubilee Life Insurance Company Limited ('JLICL' or 'the Company') is the largest private sector life insurance Company in Pakistan, offering both individual and group life covers. The assigned rating derives strength from the Company's robust sponsorship profile which includes the Aga Khan Fund for Economic Development S.A. (AKFED), Switzerland in addition to indirect holding of AKFED through Habib Bank Limited (HBL). The Company registered a growth in Gross Written Premium/Contribution (GWP) 9MCY24. This growth is attributed to an uptake in group business, where JLICL has effectively leveraged corporate capacity to adjust to inflationary pressures, whereas individual premiums have seen a contraction due to persistent high inflation impacting consumer purchasing power.

JLICL has launched several new products during the review period to further strengthen its market share. Digitization initiatives to enhance customer experience and operational efficiency are reflected in the assigned rating along with ESG initiatives. The financial stability of JLICL is solidified by substantial income from debt securities and gains on held-for-trading financial assets, buoyed by high policy rates within the period. Furthermore, liquidity and capitalization levels remained satisfactory owing to sufficient available liquid assets along with adequate capital coverage of claims.

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.

. 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

The 2023 financial statements were audited by A.F. Ferguson & Co., Chartered Accountants, which is a QCR rated firm and categorized as 'Category A' on the SBP's Panel of Auditors. The auditor issued an unmodified opinion on the financial statements. However, the auditor has included an emphasis of matter regarding a contingent liability related to provincial sales tax on life and health insurance. The Company along with other insurance companies are contesting the matter in court of law.

Auditors for 2024 have been changed to KPMG Taseer Hadi & Co. Chartered Accountants, which is also a QCR rated firm and categorized as 'Category A' on the SBP's Panel of Auditors.

Product offering

JLICL has actively responded to market demands and customer preferences by diversifying its product range. In CY23, JLICL launched several new products, responding to competitive market analysis and customer needs. These include the Jubilee Zaman Takaful Plan and Jubilee Salah Takaful Plan, which are Shariah-compliant life coverage options. The Jubilee Royale Plan and Jubilee Noor Plan cater to premium life insurance markets, while in CY 2024 JLICL launched new products i.e. the Jubilee Super Endowment Plan which focuses on savings and life coverage. The Jubilee Global Health - International Plan offers extensive international health coverage. Additionally, Jubilee Customized Life Insurance and Jubilee Customized Takaful allow for tailored coverage options. The company also introduced Prepaid Health Takaful and Prepaid Life Takaful, offering fixed-term, prepaid coverage solutions. Other products include the Cancer Protection Plan, Personal Accidental Plan, Personal Accidental Takaful Plan, and the Jubilee Personal Select - Critical Illness Takaful Plan, each designed to meet specific health and accident coverage needs.

To expand its market presence, JLICL has adopted a comprehensive strategy emphasizing sustainable growth, market expansion through enhanced and new distribution channels, ongoing product innovation, and talent development. This approach ensures that the company keeps pace with evolving customer needs and enhances service quality through continual employee training.

Digitization Initiatives:

JLICL has launched several digitization initiatives to enhance customer experience and operational efficiency. A key development is the Digital Product Store, which offers a wide array of shariah-compliant and conventional insurance products, such as health, life, personal accident, critical illness, and cancer cover policies. This platform allows customers to customize their coverage and integrates with Jubilee Active, which encourages healthier lifestyles by allowing customers to use fitness points to obtain discounts on premiums. Additionally, the store offers rewards like gym memberships and food vouchers, and features integration with an automated WhatsApp Business platform for streamlined customer service.

Jubilee Life is also set to introduce a Cashless OPD feature, which includes a digital wallet for easy transactions, unlimited free virtual consultations, and options for using the wallet balance for various health-related services. The store's widget functionality facilitates integration with multiple partner platforms, enabling direct insurance policy offerings to partner customers.

Further digital advancements are evident in the Jubilee Agent Hub, designed to support the sales force with tools like in-app product brochures, performance dashboards, and a comprehensive policy management system. Innovations such as facial liveness detection, facial matching, and CNIC validation enhance the KYC process, while the introduction of digital signatures streamlines customer onboarding.

ESG Initiatives

The Company has made significant strides in Environmental, Social, and Governance (ESG) initiatives, reflecting its commitment to sustainability, social responsibility, and ethical governance. On the environmental front, since launching the "Net Zero Project" in 2020, the Company has concentrated on reducing pollution and conserving resources. Initiatives include investing in solar energy, adopting energy-efficient technologies, and reducing paper usage by transitioning to digital platforms. Collaborations with Spectreco to assess and reduce the carbon footprint aim to achieve carbon neutrality by 2030.

Social initiatives have focused on enhancing community and employee well-being, with efforts such as expanding micro-insurance to over 5m low-income individuals, fostering workplace diversity and inclusion, and supporting community development projects that contributed PKR 39m in CY23 towards various causes.

In governance, the Company has strengthened its practices by integrating sustainability into its operations. This includes adopting paperless processes, promoting remote work and carpooling, and raising ESG awareness aligned with the Sustainable Development Goals (SDGs).

IFRS 17 Implementation

JLICL has been actively preparing for the implementation of IFRS 17, a significant shift in accounting standards that impacts insurance contracts. The company's approach involves comprehensive internal assessments and system upgrades to align with the new reporting and accounting requirements. Jubilee Life has engaged with IT and actuarial consultants to ensure that their systems and processes are compliant with the complexities of IFRS 17. This includes updating their actuarial and financial reporting systems to handle the detailed data management and reporting that IFRS 17 demands. The company's proactive steps demonstrate its commitment to maintaining transparency and enhancing financial reporting accuracy, positioning itself well ahead of the IFRS 17 implementation deadline. These efforts are crucial for stakeholders to gain a clear and consistent view of the company's financial health under the new accounting standards.

JLICL has partnered with BADRI, a leading consulting firm, to ensure a smooth transition from IFRS 4 to IFRS 17. The collaboration focuses on upgrading the company’s actuarial and financial reporting systems to meet the complex requirements of IFRS 17. This partnership highlights JLICL commitment to transparency and alignment with international accounting standards.

Business Update – JLICL

JLICL has an extensive branch network consisting of 138 locations across the country, with 24 new branches added during the review period. The Company registered a marginal growth of 3.2% in the gross written premium/ contribution during 9MCY24 as opposed to an 8.3% contraction in the overall life insurance industry resulting in a higher market share of 13.6% (9MCY23: 12.1%). The growth is largely due to increase in group segment as corporate entities were better placed to absorb inflation adjustments to premium prices. Whereas, proportion of individual policies in the business mix has declined on a timeline. This decline during the ongoing year due to the erosion of disposable incomes in line with inflation coupled with the already minimal penetration of life insurance in the local market.

The proportion of takaful and conventional segments were around 25% and 75% respectively. In absolute terms, an increase was observed in both, contributing to the overall growth in GWP.

Table 1: Gross Written Premium/ Contribution

(PKR million)	CY22	%	CY23	%	9MCY24	%	9MCY23	%
Individual Life	**35,367.6**	74.7%	**31,866.0**	69.1%	**20,858.4**	59.2%	**22,435.9**	65.7%
Conventional	*24,792.2*		*21,702.4*		*13,927.5*		*15,477.3*	
Takaful	*10,575.4*		*10,163.6*		*6,930.9*		*6,958.6*	
Group Life	**11,975.8**	25.3%	**14,247.2**	30.9%	**14,383.7**	40.8%	**11,729.2**	34.3%
Conventional	*10,505.0*		*12,356.2*		*12,388.3*		*10,209.0*	
Takaful	*1,470.7*		*1,891.1*		*1,995.4*		*1,520.2*	
Gross Contribution (Takaful)	**12,046.1**	25.4%	**12,054.6**	26.1%	**8,926.3**	25.3%	**8,478.9**	24.8%
Gross Premium Written (Conv.)	**35,297.3**	74.6%	**34,058.6**	73.9%	**26,315.9**	74.7%	**25,686.3**	75.2%
Total Gross Premium/ Contribution	**47,343.4**		**46,113.3**		**35,242.1**		**34,165.1**	

Moreover, the weak macroeconomic conditions also resulted in the quantum of surrenders increasing, reflected in the decline in second year and subsequent year renewal premiums by 14.7% and 10.7% respectively, during 9MCY24. Additionally, first year premium also declined marginally by 1.8% during the 9MCY24. Breakdown of GWP is given below:

Table 2: Gross Written Premium Year Wise

(PKR million)	CY22	%	CY23	%	9MCY24	%	9MCY23	%
First year	6,833.3	*14.4%*	6,061.2	*13.1%*	3,932.1	*11.2%*	4,005.9	*11.7%*
Second year renewal	4,806.6	*10.2%*	4,809.6	*10.4%*	3,032.6	*8.6%*	3,554.4	*10.4%*
Subsequent year renewal	23,222.3	*49.1%*	20,379.4	*44.2%*	12,940.3	*36.7%*	14,487.8	*42.4%*
Single premium / contribution individual policies	505.4	*1.1%*	615.9	*1.3%*	953.5	*2.7%*	387.9	*1.1%*
Individual Policies	**35,367.6**	***74.7%***	**31,866.1**	***69.1%***	**20,858.5**	***59.2%***	**22,436.0**	***65.7%***
Group Policies	**11,975.8**	***25.3%***	**14,247.2**	***30.9%***	**14,383.8**	***40.8%***	**11,729.2**	***34.3%***
Total GWP (Conv. & Takaful)	**47,343.4**	***100.0%***	**46,113.3**	***100.0%***	**35,242.2**	***100.0%***	**34,165.1**	***100.0%***

Channel wise distribution of individual GWP for CY23 indicate a significant tilt towards Bancassurance channel whereas growth in DSF remained subdued. Growth was driven by an increase in the other segments such as A&H and non-reportable segments during CY23.

Table 3: Channel Wise GWP Breakdown

(PKR million)	CY21			CY22			CY23		
	DSF	Banca	Other	DSF	Banca	Other	DSF	Banca	Other
First Year	**2,296**	**4,441**	-	**1,819**	**4,762**	-	**1,636**	**4,070**	-
Conventional	795	2,772	-	827	3,057	-	911	2,159	-
Takaful	1,501	1,669	-	992	1,705	-	725	1,911	-
Renewal Premium	**5,868**	**24,902**	-	**5,663**	**22,282**	-	**5,128**	**19,849**	-
Conventional	3,415	19,599	-	3,070	17,145	-	2,921	14,775	-
Takaful	2,454	5,303	-	2,593	5,136	-	2,207	5,073	-
Single Premium	**612**	**122**	-	**437**	**68**	-	**518**	**98**	-
Conventional	262	80	-	315	49	-	404	79	-

Takaful	350	42	-	122	20	-	115	19	-
Group Premium	**-**	**-**	**11,114**	**-**	**-**	**12,313**	**-**	**-**	**14,815**
A& H	-	-	6,280	-	-	6,921	-	-	8,355
Non-reportable segments	-	-	4,834	-	-	5,392	-	-	6,460
Channel wise GWP	**8,776**	**29,466**	**11,114**	**7,919**	**27,112**	**12,313**	**7,283**	**24,016**	**14,815**
Total		**49,356**			**47,344**			**46,113**	

Overall persistency ratio improved to 73.7% during 9MCY24 (CY23: 71.5%; CY22: 74.3%); this positive trend indicates a gradual recovery despite the challenges owing to weak macroeconomic conditions characterized by high inflation that reduced the disposable incomes of individuals coupled with prioritization of other financial obligations over the life insurance premiums.

Profitability Performance:

Table 4: Net Premium/ Contribution Revenue

(PKR million)	CY22	%	CY23	%	9MCY24	%	9MCY23	%
Individual life Unit Linked	24,198.1	*53.1%*	21,007.9	*47.7%*	12,983.0	*38.7%*	14,975.7	*46.2%*
Conventional Business	2,875.0	*6.3%*	3,193.7	*7.2%*	3,311.2	*9.9%*	2,388.1	*7.4%*
Accident and health business	6,777.9	*14.9%*	8,198.7	*18.6%*	8,658.2	*25.8%*	6,896.6	*21.3%*
Overseas group life & health business		*0.0%*		*0.0%*		*0.0%*		*0.0%*
Individual Family Takaful	10,440.4	*22.9%*	9,922.6	*22.5%*	6,642.6	*19.8%*	6,826.9	*21.0%*
Group Family Takaful	174.1	*0.4%*	200.5	*0.5%*	195.4	*0.6%*	168.4	*0.5%*
Accident and health Family Takaful	1,105.7	*2.4%*	1,563.0	*3.5%*	1,732.9	*5.2%*	1,177.5	*3.6%*
Net Premium /Contribution Revenue	**45,571.2**		**44,086.4**		**33,523.2**		**32,433.3**	

The net written premium/ contribution (NWP) of JLICL grew marginally by 3.4%, reaching PKR 33.5b (9MCY23: PKR 32.4b) during 9MCY24 wherein NWP pertaining to conventional and takaful segments were recorded at PKR 25.0b (9MCY23: PKR 24.3b) and PKR 8.6b (9MCY23: PKR 8.2b) respectively. Additionally, segment-wise breakdown of NWP indicates that the same remains dominated by individual life unit linked products followed by A&H and Individual Family Takaful. However, a strategic shift can be seen from individual life products towards the A&H segments on a timeline.

Claims expense on gross and net basis by end-Sept'24 witnessed an uptick to PKR 42.3b (9MCY23: PKR 36.4b) and PKR 40.8b (9MCY23: PKR 35.6b) due to policy surrenders. The increase in policy surrenders aligns with the declining purchasing power of individuals owing to inflationary pressures. Consequently, both gross and net claims ratio deteriorated during 9MCY24. Additionally, expense ratio also witnessed an uptick due to higher expenses of PKR 10.2b (9MCY23: PKR 8.8b) on account of higher marketing and admin expenses. These aforesaid factors resulted in a combined ratio of 152% (9MCY23: 136.6%), leading to underwriting losses for the Company. On the other hand, Company reported a substantial net fair value gains on financial asset amounting to PKR 7.5b as opposed to a loss of PKR 524m in the preceding year. Additionally, investment income grew to PKR 27.6b (9MCY23: PKR 21.5b) during 9MCY24, representing a 28% growth vis-à-vis SPLY, on the back of higher returns from debt securities. Net change in insurance liabilities (other than outstanding claim) have significantly increased PKR 16.1b (9MCY23: PKR 6.1b) due to the reduction in interest rate, indicating the impact of lower discounting and increased obligations. Consequently, profit after tax of PKR 1.7b (9MCY23: PKR 1.5b) was registered during 9MCY24.

Table 5: Profit & Loss Statement (extract)

(PKR million)	CY22	CY23	9MCY24	9MCY23
Total Gross Premium/ Contribution	**47,343.4**	**46,113.3**	**35,242.1**	**34,165.1**
Conventional	*35,297.3*	*34,058.6*	*26,315.9*	*25,686.3*
Takaful	*12,046.1*	*12,054.6*	*8,926.3*	*8,478.9*
Premium/ Contribution Ceded	**1,772.2**	**2,026.8**	**1,718.9**	**1,731.9**
Conventional	*1,446.3*	*1,658.3*	*1,363.5*	*1,425.9*
Takaful	*325.9*	*368.5*	*355.4*	*306.0*
Net Premium/ Contribution	**45,571.2**	**44,086.4**	**33,523.2**	**32,433.3**
Conventional	*33,851.0*	*32,400.3*	*24,952.4*	*24,260.4*
Takaful	*11,720.2*	*11,686.2*	*8,570.9*	*8,172.9*
Net Insurance Claims/ Benefits	**(42,933.8)**	**(48,713.1)**	**(40,796.6)**	**(35,565.2)**
Conventional	*(37,170.4)*	*(41,558.3)*	*(34,156.0)*	*(30,331.9)*

Takaful	*(5,763.3)*	*(7,154.8)*	*(6,640.6)*	*(5,233.3)*
Total Expenses	**(11,038.5)**	**(12,009.7)**	**(10,173.1)**	**(8,795.0)**
Conventional	*(7,588.4)*	*(8,331.1)*	*(7,523.4)*	*(6,135.4)*
Takaful	*(3,450.1)*	*(3,678.6)*	*(2,649.7)*	*(2,659.7)*
Underwriting Income	**(8,401.2)**	**(16,636.4)**	**(17,446.5)**	**(11,927.0)**
Conventional	*(10,907.9)*	*(17,489.1)*	*(16,727.0)*	*(12,206.8)*
Takaful	*2,506.7*	*852.7*	*(719.4)*	*279.9*
Net change in Liabilities	***7,100.6***	***(13,002.6)***	***(16,064.9)***	***(6,126.6)***
Conventional	*10,430.3*	*(5,775.6)*	*(9,459.6)*	*(1,714.5)*
Takaful	*(3,329.7)*	*(7,227.0)*	*(6,605.3)*	*(4,412.1)*
Investment Income (Fee, gains, other)	**4,718.5**	**34,152.2**	**36,661.5**	**21,058.6**
Conventional	*3,948.4*	*27,816.2*	*29,153.2*	*16,996.6*
Takaful	*770.106*	*6335.993*	*7,508.2*	*4,062.1*
Gain on FI & Finn. Cost	**(130.9)**	**(191.4)**	**(139.8)**	**(149.1)**
Share of profit of associate	**13.9**	**31.2**	**17.4**	**17.1**
Profit Before Tax	**3,301.0**	**4,353.0**	**3,027.7**	**2,873.0**
Conventional	*3,384.1*	*4,439.9*	*2,882.9*	*2,982.4*
Takaful	*(83.1)*	*(86.9)*	*144.8*	*(109.4)*
Profit After Tax	**2,072.1**	**2,306.3**	**1,738.2**	**1,482.0**
Conventional	*2,153.2*	*2,388.4*	*1,649.9*	*1,574.7*
Takaful	*-81.1*	*-82.1*	*88.3*	*-92.7*

Reinsurance

Reinsurance treaties along with commission rates for individual life and group business remain unchanged during the period under review. Major reinsurance treaties have been arranged from Hannover Re (rated 'AA-' by S&P and 'A+' by AM Best) followed by Munich Re. (rated 'AA-' by S&P and 'A+' by AM Best), indicating strong overall risk profile of the reinsurance panel. Going forward, no changes are expected in the reinsurance panel.

Investments

(PKR million)	**CY22**	**%**	**CY23**	**%**	**9MCY24**	**%**
Equity	28,612.7	16.5%	9,086.3	4.8%	12,125.7	5.9%
PIBs	32,512.0	18.8%	60,358.3	31.9%	113,802.2	56.3%
T-bills	76,030.3	43.9%	64,698.3	34.2%	18,358.3	9.1%
Ijarah Sukuk	13,939.2	8.1%	43,859.2	23.2%	40,189.1	19.9%
TDRs	7,900.0	4.6%	2,100.0	1.1%	-	0.0%
Mutual Funds	6,451.1	3.7%	1,941.3	1.0%	11,831.6	5.9%
TFCs	5,738.9	3.3%	5,650.0	3.0%	4,545.1	2.2%
Corporate Sukuks	1,900.6	1.1%	1,702.8	0.9%	1,474.9	0.7%
Total	**173,084.8**	**100%**	**189,396.1**	**100%**	**202,326.9**	**100%**

The Company has a total of eight unit-linked funds which vary in terms of investment avenues as per the risk appetite of the clients; four of which pertain to Window Takaful business. The carrying value of portfolio rose to PKR 202.3b (CY23: PKR 189.4b: CY22: PKR 173.1b) by end-Sept'24; the same constituted primarily of government securities whereas proportion of equities remained low. Moreover, the government security mix itself redirected from T-bills to PIBs over the rating review period. Additionally, composition of GoP Ijarah Sukuk also reduced during the ongoing year.

Resultantly, with increased focus on medium-term securities, the average duration of the overall portfolio increased which raised the associated price and reinvestment risk. About 80.1% of government securities are recorded at fair value through profit or loss at end-Sept'24 (CY23: 81.1%; CY22: 78.1%). The remainder of the investment portfolio constituted of debt securities, comprising largely of TFCs and corporate Sukuks, amounting to PKR 6.0b (CY23: PKR 7.4b; CY22: PKR 7.6b) as well as open-end mutual funds which stood higher at PKR 11.8b (CY23: PKR 1.9b; CY22: PKR 6.5b). On the other hand, investment in term deposits reduced to nil during 9MCY24 as they were redirected largely to fixed-income government instruments. Furthermore, since the investment mix constituted majorly of government securities, the associated credit risk of the overall portfolio is considered low.

JLICL has aligned its portfolio in anticipation of a declining interest rate and build significant exposure in fixed/floating rate PIBs and longer tenor T-bills. As per management, JLICL will maintain current mix to optimize the return for the CY25. While the significant decline in interest rates may impact investment income, JLICL has strategically increased its allocation to fixed-rate PIBs, which have the potential for mark-to-market gains. Additionally, the Company's exposure to floating-rate PIBs, offering spreads of approximately 100-145 basis points over the benchmark rate, provides a relatively high-income stream.

Liquidity and Capitalization

Liquidity and Capitalization	**CY21**	**CY22**	**CY23**	**9MCY24**
Liquid Assets to Insurance Liabilities	107.3%	108.3%	108.6%	105.6%
Liquid assets to Total Liabilities	102.0%	101.9%	101.7%	98.5%
Equity to Assets	6.9%	7.4%	7.5%	7.1%
Solvency Margin (%)	245%	270%	295%	NA

In line with internal generation, the equity base grew over the rating review period to PKR 16.0b at end-Sept'24 (CY23: PKR 15.4b: CY22: PKR 13.9b). The Company recognized a final and interim dividend of PKR 10 and PKR 3 per share during the aforesaid period. Therefore, the overall risk absorption capacity of the Company is considered satisfactory in view of healthy solvency margin levels. Additionally, the liquidity position remains adequate despite liquid assets relative to total liabilities being recorded relatively at 0.99x at end-9MCY24 (CY23: 1.02x; CY22: 1.02x, CY21: 1.02x) due to lower cash balances and higher liabilities during the ongoing year.

Jubilee Life Insurance Company Limited — Appendix I

FINANCIAL SUMMARY				(amounts in PKR millions)
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**9MCY24**
Cash and Bank Deposits	3,079.7	4,169.4	3,925.1	2,359.0
Investments	177,977.9	173,084.8	189,396.1	202,326.9
Liquid Assets	181,057.6	177,254.2	193,321.2	204,685.9
Total Assets	190,551.9	187,852.6	205,490.3	223,773.7
Paid Up Capital	872.6	872.6	1,003.5	1,003.5
Net Worth	13,068.6	13,941.5	15,353.1	15,992.7
Insurance Liabilities	168,762.5	163,708.8	178,066.7	193,808.2
Total Liabilities	177,483.3	173,911.2	190,137.2	207,781.0
INCOME STATEMENT	**CY21**	**CY22**	**CY23**	**9MCY24**
Gross Premium/ Contributions	49,355.6	47,343.4	46,113.3	35,242.1
Net Premium/ Contributions	47,580.1	45,571.2	44,086.4	33,523.2
Net insurance Benefit	39,848.8	42,933.8	48,713.1	40,796.6
Total expenses (other than net change)	10,810.8	11,038.5	12,009.7	10,173.1
Surplus – Overall	2,522.9	3,314.0	4,686.3	3,945.8
- Individual	2,219.1	1,927.1	2,432.8	1,702.7
- Group Family	(169.5)	484.1	953.5	940.7
- Group Health	473.3	902.8	1,300.0	1,302.3
Profit Before Tax	2,540.2	3,301.0	4,353.0	3,027.7
Profit After Tax	1,793.1	2,072.1	2,306.3	1,738.2
RATIO ANALYSIS	**CY21**	**CY22**	**CY23**	**9MCY24**
Market Share (private life insurance)	39.2%	37.5%	34.3%	37.0%
Market Share (Overall)	17.1%	12.7%	11.5%	13.6%
Cession Ratio	3.6%	3.7%	4.4%	4.9%
Gross Claims Ratio	84.4%	94.0%	108.2%	119.9%
Net Claims Ratio	83.8%	94.2%	110.5%	121.7%
Expense Ratio	22.7%	24.2%	27.2%	30.3%
Combined Ratio	106.5%	118.4%	137.7%	152.0%
Overall Persistency	81.5%	74.3%	71.5%	73.7%
Liquid assets to Total Liabilities (x)	1.02	1.02	1.02	0.99
Liquid Assets to Insurance Liabilities (x)	1.07	1.08	1.09	1.06

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Jubilee Life Insurance Company 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				
10/02/2025	AA++ (IFS)		Stable	Reaffirmed
22/02/2024	AA++ (IFS)		Stable	Reaffirmed
23/02/2023	AA++ (IFS)		Stable	Reaffirmed
03/01/2022	AA++ (IFS)		Stable	Reaffirmed
02/23/2021	AA+		Stable	Reaffirmed
12/19/2019	AA+		Stable	Reaffirmed
5/30/2018	AA+		Stable	Reaffirmed
9/23/2016	AA+		Stable	Reaffirmed
5/4/2015	AA+		Stable	Upgrade
3/20/2013	AA		Stable	Upgrade
12/29/2011	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 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.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Due Diligence Meetings Conducted

Name	Designation	Date
Sameed Hassan	Chief Manager	
Ahmed Hassan	Manager	**27th December, 2024**
Sarah Afzal	Senior Executive Officer	