VIS
Credit Rating Company Limited

SECURITY GENERAL INSURANCE COMPANY LIMITED

Analyst:

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RATING DETAILS		
RATINGS CATEGORY	Latest Rating	Previous Rating
	IFS	IFS
IFS RATING	AA+(IFS)	AA+(IFS)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	December 24, 2025	December 31, 2024

Shareholding (5% or More)	Other Information
Mrs. Naz Mansha – 16.06%	Incorporated in 1996
Nishat Mills Limited – 15.02%	Unquoted Public Limited Company
Adamjee Insurance Co. Ltd – 14.22%	Chairman: Mr. Mian Hassan Mansha
Mian Hassan Mansha – 13.30%	Chief Executive Officer: Mr. Farrukh Aleem
Mian Umer Mansha – 13.30%	Auditors: Riaz Ahmad & Company Chartered Accountants
Mian Raza Mansha – 11.95%	
Roomi Holdings (Pvt) Ltd. – 9.66%	

Applicable Rating Methodology

Applicable Rating Criteria: General Insurance
https://docs.vis.com.pk/docs/GeneralInsurance-2023.pdf

Rating Scale

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

Rating Rationale

The rating for Security General Insurance Company Limited ('SGICL' or 'the Company') reflects its strong financial position, sound underwriting performance, and association with a prominent conglomerate, Nishat Group. The assigned rating reflects the growth in Gross Written Premium during CY24, which was primarily driven by Fire segment which continues to be the major contributor. Claims performance improved in CY24, supported by conservative underwriting, effective pre-screening of clients, and sound reinsurance arrangements with a panel of reputable reinsurers.

The Company maintains a significant buffer over the regulatory solvency requirement, and leverage indicators remain the lowest among peers, providing ample room for operational expansion. Liquidity indicators, remains adequate, with most part of insurance debt has been received in Dec'25. The diversified reinsurance program mitigates risk exposure, and the Company's underwriting profit improved significantly during the ongoing year, aided by lower claims ratios and higher investment income. Nonetheless, the high concentration of equity investments introduces price risk, making vigilant market risk management imperative for the ratings. Additionally, the ratings remain dependent on the company's ability to maintain sound underwriting quality and liquidity indicators in line with the established thresholds.

Company Profile

SGICL is a general insurance company offering a diversified portfolio of conventional products across fire and property, marine cargo, motor, engineering, health and miscellaneous segments, supported by an operational network spanning key cities. Core functions include underwriting, claims handling, reinsurance management and investment operations, which collectively drive business growth and profitability. Alongside its conventional business, the Company operates Window Takaful Operations (WTO) under a dedicated Shariah governance framework led by a Shariah Advisor, maintaining separate Participant Takaful and Operator Funds in accordance with Takaful Rules, 2012. Through this segment, SGICL provides Shariah-compliant alternatives across major product lines, enabling broader market outreach while ensuring adherence to prescribed Shariah principles.

Sponsor Profile

SGICL is associated with Nishat group which is a premier business house of Pakistan. The group was founded by Mian Muhammad Yahya some sixty years ago. It is among the significant contributors towards Pakistani economy. The group has presence in all major sectors including Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, Paper Products and aviation. It also has the distinction of being among the large players in each sector.

Management and Governance

BOARD OF DIRECTORS OVERVIEW

SGICL's Board of Directors comprises seven members, including two independent directors, one executive director, and four non-executive directors, ensuring a sound governance structure in line with regulatory requirements. Independent oversight is provided by Mr. Ismail Aamir Fayyaz and Mr. Zulfiqar Monnoo, while the CEO, Mr. Farrukh Aleem, serves as the sole executive director. Non-executive representation includes the Chairman, Mr. Hassan Mansha, alongside Mr. Khawaja Khalil Shah, Mrs. Nabeela Waheed, and Mrs. Iqraa Hassan Mansha. The Board's performance is monitored through quarterly review of financial results, oversight of internal controls, and effective functioning of its committees—Audit, Risk Management and Compliance, Nomination, Reinsurance and Co-insurance, Underwriting, and Claims Settlement—which operated during the year as per prescribed frequencies. In compliance with the Code of Corporate Governance for Insurers, the Board arranged director orientation and training programs. The Directors' Report confirms full adherence to all statutory, financial reporting, and corporate governance requirements, with no changes reported in the Board's composition during the year and all financial statements duly endorsed by the CEO and CFO, indicating an overall sound governance framework at the Company.

BOARD COMMITTEES

SGICL has constituted several Board Committees to support governance, oversight, and decision-making in line with the Code of Corporate Governance for Insurers. Committee structures, chairmanship, and meeting frequencies are clearly defined. The Audit Committee comprises one independent and two non-executive directors and held four meetings during the year; however, it is chaired by a non-executive director (not an independent director). The Ethics, Human Resource & Remuneration Committee held two meetings and is chaired by a non-executive director, meaning it is also not headed by an independent director Other committees operated at prescribed frequencies, including the Underwriting Committee (4 meetings), Claims Settlement Committee (4 meetings), Reinsurance & Co-insurance Committee (4 meetings), Risk Management & Compliance Committee (4 meetings), Nomination Committee (2 meetings), and Investment Committee (2 meetings). All committees have defined terms of reference, and their composition includes an appropriate mix of non-executive and executive directors. These committees functioned in compliance with regulatory requirements, providing structured oversight across underwriting, claims, reinsurance, risk management, HR, nominations, and investments.

SHARIA COMPLIANCE:

SGICL operates its Window Takaful Operations (WTO) under a defined Shariah governance framework comprising an appointed Shariah Advisor, Shariah audit, and management-level compliance mechanisms. The Shariah Advisor, Mufti Muhammad Umar, is responsible for reviewing and approving participant membership documents, underwriting processes, re-takaful arrangements, and all financial transactions, with management required to obtain his prior approval for products and services. The Shariah Advisor's report confirms that underwriting, investments, and financial activities for the year ended 31 December 2024 were conducted fully in accordance with Takaful Rules 2012 and Shariah guidelines, and that all matters requiring consultation were duly resolved. The Statement of Shariah Compliance further certifies that all financial arrangements and transactions were executed in line with policies approved by the Shariah Advisor and that segregation of the Participant Takaful Fund and Operator Fund was maintained throughout the year. The report does not identify any Shariah non-compliant income; rather, the Shariah Advisor's confirmation of complete compliance indicates that no purification or charitable disposal was required during the period. Based on these disclosures, SGICL's WTO is assessed to be adequately compliant with prescribed Shariah principles, supported by appropriate governance arrangements, staff training, and reporting protocols.

CHAIRMAN/CEO PROFILE

Mian Hassan Mansha has extensive board-level experience and has been serving on the boards of various listed companies for several years. He holds directorship positions across multiple entities within the Nishat Group, including Nishat Power Limited, Security General Insurance Company Limited, Lalpir Power Limited, Pakgen Power Limited, and several hospitality, real estate, aviation, agriculture, and automotive companies such as Nishat Hotels and Properties Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Real Estate Development Company (Private) Limited, Nishat Agriculture Farming (Private) Limited, and Hyundai Nishat Motor (Private) Limited. His diversified corporate oversight across key industrial, power, financial, and services sectors reflects his broad governance exposure and strategic involvement across the Group's businesses.

Mr. Farrukh Aleem serves as Chief Executive Officer (CEO) of the company. Mr. Aleem carries 26 years of experience in the insurance industry and holds a postgraduate degree in Business Administration

IT UPGRADES:

SGICL undertook several system enhancements during the period to strengthen operational efficiency and technology resilience. Upgrades included improvements in the core insurance system covering policy, claims, and accounting modules, deployment of the Smart Surveyor Portal to enable digital claim assessments, and automation within HRMS and payroll functions. Cybersecurity tools—including antivirus, firewall, and intrusion-detection systems—were reinforced, supported by the integration of automated cloud-backup and data-recovery solutions. On the infrastructure side, the Company upgraded its server environment with higher-capacity SSD storage, refreshed network switches and routers, and replaced user workstations to improve system performance. Surveillance and access-control systems were also enhanced at key premises. Going forward, the Company plans to streamline processes through an advanced document-management system, further upgrades to the customer web portal, and the introduction of two-factor authentication. Additional initiatives include wider adoption of e-approval workflows and expansion of paperless operations to improve efficiency and internal controls.

IFRS 17 IMPLEMENTATION

SGICL has made steady progress toward the mandatory implementation of IFRS 17 in line with SECP's phased approach. Phase 1, covering the GAP analysis, was completed on September 30, 2021, followed by completion of all components of Phase 2—Financial Impact Assessment—between June 30, 2022 and December 30, 2022. Phase 3, relating to system design and methodology, was finalized on September 30, 2024. Phase 4, which includes the parallel run and full implementation, commenced on January 1, 2025, with "Badri Solutions" appointed to support execution, and the Company targeting completion ahead of the effective date of January 1, 2026. SECP has also issued detailed guidance for Phase 4 through its letter dated December 23, 2024, requiring monthly submission of the Quarterly Progress Summary Template, DR1 submission for year-end 2024 by June 30, 2025, DR2 for Q1 2025 by November 30, 2025, and filing of the Long Form Audit Report by June 30, 2025 and Audit DR1 Financial Statements by September 30, 2025. Furthermore, the adoption of IFRS 9 has been formally linked with the IFRS 17 transition and will be implemented concurrently with the new standard.

AUDITOR'S OPINION

Riaz Ahmad & Company 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 2024.

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 11,092mn in FY24 (FY23: PKR 6,534mn).

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% (CY2024: 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.

OPERATIONAL PERFORMANCE

SGICL is operating through national network of 11 branches with branch network majorly concentrated in Punjab; the management of the same plans to add one branch to the network in the medium term. SGICL primarily offers general insurance for fire and property damage, marine, aviation and transport, motor, and miscellaneous risks including crop, livestock, burglary, loss of cash in safe and cash in transit, engineering losses, business interruption losses, accident, and natural calamities. Business mix depicted some changes such as a decline in the proportion of F&P segment with its share taken up by motor and miscellaneous segment. Proportion of conventional segment in the business mix reduced and the takaful segment's proportion grew by end-June'25 indicating the shifting customer preferences towards Shariah Compliant products.

The Company's GWP remained range bound at PKR 1.7bn (1HCY24: PKR 1.6bn) wherein Conventional segment had a GWP of PKR 1.4bn (1HCY24: PKR 1.4bn) and Takaful Gross Contribution rose to PKR 281.9mn (1HCY24: PKR 176.8mn). Within the GWP highest growth observed under the motor segment; the same aligns with the management's strategy to focus on this segment going forward. Proportion of fire segment reduced significantly, and management expects that this will recover once the treaties are renewed in the 3rd and 4th quarter.

Table 1: Segment-wise breakdown of Gross Written Premium

GROSS WRITTEN PREMIUM *(Amount in PKR Millions)*	**CY23**	**%**	**CY24**	**%**	**1HCY25**	**%**	**1HCY24**	**%**
Fire and property damage	**4,369.0**	72.8%	**4,471.7**	72.4%	**526.6**	31.5%	**939.6**	**58.3%**
Conventional	*4,288.4*		*4,371.3*		*468.8*		*899.8*	
Takaful	*80.6*		*100.4*		*39.8*		-	
Marine, aviation and transport	**323.1**	5.4%	**356.5**	5.8%	**196.8**	11.8%	**224.6**	**13.9%**
Conventional	*276.2*		*284.0*		*160.2*		*186.9*	
Takaful	*47.0*		*72.5*		*37.7*		-	
Motor	**872.0**	14.5%	**754.6**	12.2%	**734.8**	44.0%	**339.6**	**21.1%**
Conventional	*652.2*		*519.8*		*553.0*		*244.2*	
Takaful	*219.8*		*234.9*		*95.4*		-	

Miscellaneous	**436.5**	7.3%	**589.3**	9.5%	**213.2**	12.8%	**107.4**	**6.7%**
Conventional	*365.5*		*396.7*		*207.5*		*103.6*	
Takaful	*70.9*		*192.6*		*3.8*		*-*	
Total	**6,000.6**		**6,172.2**		**1,671.4**		**1,611.2**	
Conventional	*5,582.3*	93.0%	*5,571.8*	90.3%	*1,389.5*	83.1%	*1,434.5*	89.0%
Takaful	*418.3*	7.0%	*600.4*	9.7%	*281.9*	16.9%	*176.8*	11.0%

UNDERWRITING PERFORMANCE

PROFITABILITY	**CY22**	**CY23**	**CY24**	**1HCY25**	**1HCY24**
Net Operating Ratio	-3.4%	-83.1%	-88.9%	-69.6%	-95.1%
Combined Ratio	80.3%	70.6%	56.7%	56.7%	53.7%
Net Claims Ratio	29.9%	28.9%	16.0%	17.7%	14.1%
Underwriting Expense Ratio	50.4%	41.6%	40.7%	38.9%	39.6%

The underwriting expense ratio of SGICL declined to 38.9% (1HCY24: 39.6%) despite an increase in expenses since the net premium revenue grew to PKR 1.0bn (1HCY24: PKR 799.2mn). growth in net premium emanated from motor segment as the Company reduced cession. On the other hand, flood related claims impacted the net claims, resulting in a higher combined ratio of 56.7% (1HCY24: 53.7%). Despite this, the underwriting profits improved to PKR 441.2mn (1HCY24: PKR 369.8mn) wherein Conventional and Takaful underwriting profits were PKR 400.8mn (1HCY24: PKR 348.1mn) and PKR 40.4mn (1HCY24: PKR 21.7mn) respectively at end-1HCY25.

Breakdown of underwriting profits indicates an improvement in F&P and Motor related underwriting profits whereas the profits for marine and miscellaneous segments declined. The higher underwriting profits from F&P segment was the outcome of lower management expenses pertaining to this segment and a higher net premium revenue recorded. Moreover, motor underwriting profits were driven by net premium growth during the ongoing year. The bottom line was further supported by an investment income of PKR 1.3bn (1HCY24: PKR 1.2bn) due to higher returns from equities. Consequently, SGICL reaped a Profit Before Tax and a Profit After Tax of PKR 1.8bn (1HCY24: PKR 1.4bn) and PKR 1.1bn (1HCY24: PKR 831.1mn) respectively.

Table 2: Amount in PKR Millions

UNDERWRITING PROFITS (*Amounts in PKR Millions*)	**CY22**	**CY23**	**CY24**	**1HCY25**	**1HCY24**
Fire and property damage	**190.6**	**267.5**	**262.9**	**368.5**	**283.7**
Conventional	*191.4*	*269.2*	*269.2*	*374.2*	*286.8*
Takaful	*(0.7)*	*(1.7)*	*(6.3)*	*(5.7)*	*(3.1)*
Marine, aviation transport	**0.5**	**21.9**	**19.6**	**(7.5)**	**(0.8)**
Conventional	*(1.2)*	*19.3*	*19.3*	*(6.4)*	*0.3*
Takaful	*1.7*	*2.5*	*0.2*	*(1.0)*	*(1.1)*
Motor	**79.9**	**140.2**	**150.4**	**70.3**	**58.9**
Conventional	*69.5*	*97.5*	*97.5*	*39.0*	*35.9*
Takaful	*10.4*	*42.7*	*52.9*	*31.3*	*23.0*
Miscellaneous	**(6.1)**	**(30.2)**	**(22.3)**	**9.8**	**28.0**
Conventional	*9.7*	*(18.6)*	*(18.6)*	*(6.0)*	*25.0*
Takaful	*(15.8)*	*(11.6)*	*(3.7)*	*15.9*	*3.0*
Total	**264.9**	**399.5**	**410.5**	**441.2**	**369.8**
Conventional	*269.3*	*367.4*	*367.4*	*400.8*	*348.1*
Takaful	*(4.4)*	*32.1*	*43.1*	*40.4*	*21.7*

Financial Risk

CLAIMS EXPERIENCE

During CY24, SGICL's gross claim expenses dropped to PKR 784.7mn (CY23: PKR 1.3bn) whereby Conventional claims dropped to PKR 562.0mn (CY23: PKR 1.0bn) and Takaful claims reached PKR 222.7mn (CY23: PKR 236.4mn); the same was due to a substantial reduction in F&P related gross claims to PKR 75.8mn (CY23: PKR 467.3mn). The Company had major gross claims pertaining to motor and miscellaneous segments but aggregate claims from these segments also declined by Dec'24. Consequently, the gross claims ratio declined to 12.3% (CY23: 24.2%). On the other hand, the gross claims expense rose to PKR 739.3mn (1HCY24: PKR 335.7mn) at end-June'25; the same was an outcome of higher gross claims observed in F&P, motor and miscellaneous segments. Consequently, the higher claims translated into a higher claims ratio of 23.8% (1HCY24: 11.2%).

Table 3: Gross Claims Ratio

GROSS CLAIMS RATIO	CY22	CY23	CY24	1HCY25	1HCY24
Fire and property damage	**36.3%**	**12.2%**	**1.6%**	**12.4%**	**1.6%**
Conventional	*36.4%*	*12.1%*	*0.1%*	*12.0%*	*0.6%*
Takaful	*30.6%*	*20.9%*	*77.1%*	*25.4%*	*55.4%*
Marine, aviation transport	**23.2%**	**28.4%**	**13.2%**	**35.3%**	**11.3%**
Conventional	*24.9%*	*30.7%*	*8.0%*	*42.4%*	*1.7%*
Takaful	*10.8%*	*15.7%*	*33.6%*	*7.8%*	*46.9%*
Motor	**69.8%**	**57.4%**	**55.6%**	**41.9%**	**51.3%**
Conventional	*64.8%*	*53.4%*	*56.0%*	*37.7%*	*47.5%*
Takaful	*89.9%*	*69.5%*	*54.5%*	*55.0%*	*62.9%*
Miscellaneous	**66.6%**	**74.6%**	**51.3%**	**57.1%**	**33.2%**
Conventional	*53.0%*	*56.9%*	*62.0%*	*59.2%*	*38.6%*
Takaful	*354.0%*	*310.3%*	*13.4%*	*52.0%*	*3.3%*
Total Gross Claims Ratio	**42.7%**	**24.2%**	**12.3%**	**23.8%**	**11.2%**
Conventional	*40.6%*	*21.1%*	*9.5%*	*21.5%*	*8.3%*
Takaful	*76.6%*	*70.4%*	*47.1%*	*44.0%*	*49.4%*

The net claims expense of SGICL declined to PKR 285.0mn (CY23: PKR 392.7mn) with conventional and takaful net claims expenses amounting to PKR 214.2mn (CY23: PKR 297.0mn) and PKR 70.8mn (CY23: PKR 95.7mn) respectively in CY24. Major decline was observed in all segments expect the miscellaneous segment. The lower net claims of CY24 translated to a lower net claims ratio of 16.0% (CY23: 28.9%) in CY24.

During the ongoing half-year, the net claims expense rose to PKR 180.6mn (1HCY24: PKR 112.7mn) primarily due to an increase in net claims for F&P, motor and miscellaneous segment; the same is attributable to impact of floods. Consequently, the net claims ratio increased to 17.7% (1HCY24: 14.1%) at end-June'25.

Table 4: Net Claims Ratio

NET CLAIMS RATIO	CY22	CY23	CY24	1HCY25	1HCY24
Fire and property damage	**3.8%**	**10.4%**	**0.6%**	**3.9%**	**1.1%**
Conventional	*3.6%*	*10.3%*	*0.3%*	*3.6%*	*0.9%*
Takaful	*27.4%*	*22.7%*	*46.9%*	*51.2%*	*36.6%*
Marine, aviation transport	**63.6%**	**25.3%**	**3.6%**	**12.5%**	**-5.0%**
Conventional	*72.6%*	*25.2%*	*2.1%*	*12.8%*	*-8.4%*
Takaful	*25.4%*	*26.9%*	*17.2%*	*8.3%*	*25.7%*
Motor	**55.8%**	**48.7%**	**44.6%**	**36.5%**	**45.9%**
Conventional	*51.3%*	*44.7%*	*44.5%*	*35.5%*	*44.3%*
Takaful	*70.9%*	*57.7%*	*44.8%*	*39.1%*	*49.4%*
Miscellaneous	**59.2%**	**80.0%**	**60.4%**	**22.2%**	**2.9%**

Conventional	*37.8%*	*70.1%*	*70.7%*	*24.1%*	*2.5%*
Takaful	*934.6%*	*280.1%*	*9.7%*	*17.6%*	*8.7%*
Total Net Claims Ratio	**29.9%**	**28.9%**	**16.0%**	**17.7%**	**14.1%**
Conventional	*23.8%*	*24.7%*	*13.4%*	*15.4%*	*10.4%*
Takaful	*83.4%*	*62.2%*	*39.8%*	*33.5%*	*46.0%*

REINSURANCE TREATIES

SGICL's risk profile is supported by strong reinsurance coverage provided by diversified panel of reinsurers. Risk profile of the reinsurance is considered sound as majority reinsurers are rated in 'A' band or higher. In proportional treaties, Hannover Re has the highest share in all segments including fire, general accident, engineering and marine followed by Korean Re. On the other hand, for non-proportional treaties obtained for marine cargo, motor, catastrophic cover and crop segments, Hannover Re leads with majority share. Majorly, the Company has negotiated quota cum surplus treaties for all its major segments protected further by non-proportional treaties. No major changes were observed in the treaties for CY25. The maximum net retention on own account under treaties and otherwise was PKR 296.9mn in CY24 which was placed at PKR 187.9mn in CY25.

INVESTMENTS

Table 5: Investment Portfolio (Amount in Millions)

INVESTMENT MIX *(Amount in PKR Millions)*	**CY23**	**%**	**CY24**	**%**	**1HCY25**	**%**
Equity Securities	**21,424.3**	**99.0%**	**29,529.3**	**99.7%**	**31,818.4**	**97.0%**
Listed	8,875.5	41.0%	9,090.7	30.7%	9,475.7	28.9%
Unlisted	5,107.8	23.6%	5,107.8	17.2%	5,107.8	15.6%
Mutual Funds	0.9	0.0%	0.5	0.0%	443.7	1.4%
Unrealized Gain	7,440.1	34.4%	15,330.2	51.7%	16,791.2	51.2%
Debt	**73.8**	**0.3%**	**83.6**	**0.3%**	**581.4**	**1.8%**
PIBs	73.8	0.3%	83.6	0.3%	83.6	0.3%
T-Bills		0.0%	-	0.0%	497.8	1.5%
Term Deposits	148.0	**0.7%**	18.0	**0.1%**	409.4	1.2%
Total	**21,646.2**		**29,630.8**		**32,809.1**	

SGICL's investment portfolio comprises primarily of equity securities with a carrying value of PKR 31.8bn (CY24: PKR 29.5bn; CY23: PKR 21.4bn) followed by Debt securities (PIBs and T-Bills) to the tune of PKR 581.4mn (CY24: PKR 83.6mn; CY23: PKR 73.8mn) and Term Deposits aggregating to PKR 409.4mn (CY24: 18mn) at end-June'25. During CY24, the investment income rose to PKR 2.6bn (CY23: PKR 2.1bn) whereas it was recorded at PKR 1.3bn (1HCY24: PKR 1.2bn) at-June'25; the same rose primarily on account of higher dividend income derived from equities.

SGICL's equity portfolio had listed securities of PKR 9.5bn (CY24: PKR 9.1bn; CY23: PKR 8.9bn) whereas the unlisted equities were PKR 5.1bn (CY24: PKR 5.1bn; CY23: PKR 5.1bn). This portfolio comprises of blue-ship companies, with strategic investment in group companies. SGICL purchased 5,722,650 shares of Adamjee Insurance Co. Ltd, 5,045,491 shares of Lalpir Power Ltd. And 209,716 shares of Engro Holding. The unrealized gain on equity portfolio amounted to PKR 16.8bn (CY24: PKR 15.3bn; CY23: PKR 7.4bn) by end-June'25.

The debt securities comprise PIBs amounting to PKR 83.6mn (CY24: PKR 83.6mn; CY23: PKR 83.6mn). The PIBs are placed as statutory deposit with the State Bank of Pakistan (SBP) in accordance with the requirement Insurance Ordinance, 2000 (Section 29(2)(a)). Additionally, the Company recently invested PKR 497.8mn in T-bills and based on cash flow adequacy investments in T-bills will increase. Lastly, the investment in Term Deposits has increased to PKR 409.4mn (CY24: PKR 18mn; CY PKR 18mn)

Given the Company's investment portfolio is vested in equity-based investments (97%), the price risk is significantly high and yields better returns over fixed income investments. Management of market risk profile amid volatility prevalent in stock market performance to retain value will remain imperative for ratings. On the other hand, market risk emanating from the investment mix is relatively manageable as SGICL largely has equity investments in group companies having sound financial risk profile and credit ratings.

LIQUIDITY

Table 6: LIQUIDITY INDICATORS

LIQUIDITY	CY22	CY23	CY24	1HCY25
Insurance Debt to Gross Premium*	77.5%	75.0%	43.9%	62.5%
Ex-strategic Liquid Assets to Net Technical Reserves (%)	77.8%	119.1%	96.4%	233.4%
Ex-strategic Liquid Assets to Net Technical Reserves plus borrowings (%)	37.2%	45.9%	72.0%	153.7%

**Annualized*

Liquidity profile remains strong during the rating review period as a combined outcome of an increase in the carrying value of Ex. Strategic Liquid assets to PKR 2.6bn (CY24: PKR 1.8bn; CY23: PKR 1.6bn) and a decline observed in the net technical reserves at end-June'25. The decline in net technical reserves was an outcome of lower unearned premium reserves during the ongoing year. Consequently, the liquid assets (Ex strategic) maintained in relation to net technical reserves increased to 233.4% (CY24: 96.4%; CY23: 119.1%). Additionally, with a further decline observed in the short-term borrowings SGI to PKR 572.0mn (CY24: 624.3mn; CY23: 2.1b), the liquid assets maintained in relation to net technical reserves and borrowings also improved to 153.7% (CY24: 72.0%; CY23: 45.9%). On the other hand, Insurance debt in relation to GWP rose significantly to 62.5% (CY24: 43.9%; CY23: 75.0%) but due to cyclicality inherent in the insurance sector with majority of fire (power) policies renewed post July for SGICL; the aforementioned indicator is going to revert back at end-CY25.

CAPITALIZATION

Table 7: CAPITALIZATION INDICATORS (Amount in Millions)

CAPITALIZATION	CY22	CY23	CY24	1HCY25
Equity (Amount in PKR Million)	14,921.6	18,215.1	24,409.6	26,124.0
Operating Leverage	6.9%	7.5%	7.3%	7.8%
Financial Leverage	6.6%	7.2%	7.5%	4.2%

SGICL's total equity grew to PKR 26.1bn at end-June'25, on account of an increase in reserves and retained earnings. The Company made a final dividend payment of PKR 3.5/share during CY24 and did not pay any dividend for the Half year. SGI is considered sound from solvency risk point of view as the Company has adequate cushion in terms of admissible assets over its liabilities. Moreover, operating leverage marginally increased to 7.8% (CY24: 7.3%; CY23: 7.5%) at end-June'25, in line with similar growth manifested in equity base and net premium revenue. Financial leverage of SGICL dropped to 4.2% (CY24: 7.5%; CY23: 7.2%) due to a decline in net technical reserves but this metric is expected to change in line with cyclicality inherent in the insurance sector. Both operating and financial leverage continue to remain the lowest amongst peers and better than the rating benchmarks for the assigned rating. Subsequently, leverage indicators exhibit sizable room for growth in the operating scale. However, with no significant uptick expected in business volumes, the leverage indicators are projected to remain on a lower side during the rating horizon. Additionally, long-term debt declined to PKR 572.0mn (CY24: 624.3mn; CY23: 2.1b) at end-1HCY25 as the Company did not obtain any additional net borrowings during the ongoing year.

FINANCIAL SUMMARY					(PKR million)
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Cash and Bank Balances	641.6	1,026.6	1,916.9	1,228.8	1,348.1
Investments	19,429.7	16,340.5	21,655.6	29,636.8	32,820.1
Liquid Assets	16,186.4	13,351.7	18,464.7	25,757.8	29,060.4
Insurance Debt	2,988.3	3,590.0	4,498.1	2,709.8	2,088.2
Total Assets	26,352.6	24,469.7	31,275.9	37,014.3	39,890.4
Total Borrowings	1,643.2	1,079.7	2,089.4	624.4	572.0
Total Liabilities	9,586.4	9,548.1	13,060.8	12,604.7	13,766.4
Paid Up Capital	680.6	680.6	680.6	680.6	680.6
Total Equity	16,766.2	14,921.6	18,215.1	24,409.6	26,124.0
INCOME STATEMENT	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Gross Premium Revenue	4,118.2	4,634.3	6,000.6	6,172.2	1,671.4
Net Premium Revenue	976.7	1,030.6	1,357.4	1,776.1	1,017.9
Net Claims	143.6	307.7	392.7	285.0	180.6
Underwriting Profit	355.2	203.0	300.2	768.8	441.2
Investment Income	1,831.3	862.2	2,085.3	2,586.9	1,304.4
Profit Before Tax	2,104.4	1,043.3	2,100.7	3,107.5	1,757.4
Profit After Tax	1,499.6	611.0	1,310.7	1,891.1	1,061.4
RATIO ANALYSIS	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Market share	3.6%	3.7%	3.3%	2.87%	
Cession Ratio (%)	201.2%	67.7%	65.3%	74.6%	124.8%
Gross Claims Ratio (%)	7.7%	42.7%	24.2%	12.3%	23.8%
Net Claims Ratio (%)	14.7%	29.9%	28.9%	16.0%	17.7%
Underwriting Expense Ratio (%)	48.9%	50.4%	49.0%	40.7%	38.9%
Combined Ratio (%)	63.6%	80.3%	77.9%	56.7%	56.7%
Insurance Debt to Gross Premium* (%)	72.6%	77.5%	75.0%	43.9%	62.5%
Operating Leverage* (%)	5.8%	6.9%	7.5%	7.3%	7.8%
Adjusted Financial Leverage (%)	4.0%	6.6%	7.2%	7.5%	4.2%
Ex-strategic Liquid Assets to Net Technical Reserves (%)	123.8%	77.8%	119.1%	96.4%	233.4%
Ex-strategic Liquid Assets to Net Technical Reserves plus borrowings (%)	36.4%	37.2%	45.9%	72.0%	153.7%

**Annualized*

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Security General Insurance Company Limited
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength

Rating History

Rating Date	Medium to Long Term	Outlook/ Rating Watch	Rating Action
RATING TYPE: INSURER FINANCIAL STRENGTH			
24/12/2025	AA+ (IFS)	Stable	Reaffirmed
31/12/2024	AA+(IFS)	Stable	Reaffirmed
26/12/2023	AA+(IFS)	Stable	Reaffirmed
29/12/2022	AA+(IFS)	Stable	Reaffirmed
31/03/2022	AA+(IFS)	Stable	Harmonized
31/01/2022	AA	Stable	Reaffirmed
31/12/2020	AA	Stable	Reaffirmed
04/12/2019	AA	Stable	Reaffirmed
09/14/2017	AA	Stable	Upgrade
06/16/2016	AA-	Stable	Reaffirmed
09/23/2015	AA-	Stable	Reaffirmed
04/22/2015	AA-	Stable	Reaffirmed
02/04/2014	AA-	Stable	Upgrade
12/26/2012	A+	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 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 Meetings Conducted

Name	Designation	Date
Mr. Syed Shahzeb Sabih	CFO	27th October, 2025
Mr. Asim Khan Durrani	DGM Compliance	