RATING REPORT

The United Insurance Company of Pakistan Limited

REPORT DATE:
September 26, 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	*Sep. 26, 25*	*May 27, 25*
Outlook/ Rating Watch	Stable	Rating Watch-Developing
Rating Action	Maintained	Maintained

COMPANY INFORMATION

Incorporated in 1959	**External Auditors:** M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants.
Public Limited Company	**Chairman:** Muhammad Ashraf Khan **Chief Executive Officer:** Mr. Muhammad Akram Shahid
Key Shareholder(s):	
United Track System (Pvt.) Limited – 28.33%	
United Software and Technologies International (Pvt.) Limited 25.78%	
Tawasul Healthcare TPA (Pvt.) Limited-16.62%	
Tawasul Risk Management Services (Pvt.) Limited – 8.5%	
Muhammad Akram Shahid – 5.4%	

APPLICABLE METHODOLOGY(IES)

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

Rating Scale & Definitions:
https://docs.vis.com.pk/docs/VISRatingScales.pdf

The United Insurance Company of Pakistan Limited

OVERVIEW OF THE INSTITUTION

UICPL was founded in 1959 and operates though more than 150 branches all over the Pakistan. It is involved in General businesses including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

Profile of Chairman
Mr. Muhammad Ashraf Khan is the Chairman of the Company. He has Extensive Pakistan and International experience at senior positions with comprehensive skills in strategic planning, implementation and to act as prudent and diligent business person in conducting the affairs of the financial and non-financial organizations.

Profile of CEO
Mr. Muhammad Akram Shahid assumed the role of CEO in April 2021. He has extensive experience in the insurance industry. He is a Law graduated from S.M. Law College and certified Director from Pakistan Institute of Corporate Governance (PICG).

RATING RATIONALE

The rating assigned to The United Insurance Company of Pakistan Limited ('UICPL' or the 'Company') reflects the sound business profile of the United International Group (UIG), which has diversified business interests across insurance, IT, dairy, and vehicle tracking. As the flagship entity of the group, UICPL maintains a strong competitive position among leading general insurers in Pakistan and continues to expand its takaful operations, which now contribute a meaningful share to overall gross premiums.

Gross Written Premium (GWP) demonstrated consistent growth across both conventional and takaful segments in CY24, translating into increased market share. The Company's largest segment is miscellaneous, which, while supporting higher premium revenue, also exposes the Company to greater risk on its own account since reinsurance/cession in this segment is more limited compared to fire, marine, and other conventional businesses. The Company also reported an improvement in underwriting profitability throughout the review period, driven by better claims ratios, disciplined underwriting, and effective cost controls. However, this improvement was partially offset by a decline in recurring investment income, which led to an elevated operating ratio in CY24.

The Company's liquidity position remains sound, with liquid assets comfortably covering net technical reserves. The investment mix continues to be conservative, with a high allocation to government securities, thereby limiting exposure to market volatility. Reinsurance arrangements remain robust, with most treaties secured with highly rated international reinsurers, and risk retention practices are aligned with the Company's risk appetite.

During the review period, the SECP issued a directive under Section 60 of the Insurance Ordinance, 2000, instructing UICPL to cease its guarantee business. The order was challenged by UICPL in the Islamabad High Court. Honorable court granted a stay order to UICPL and as per the latest legal proceedings, SECP has withdrawn its earlier press release dated May 21, 2025.

Going forward, the rating remains dependent on prudent management of underwriting risks and preservation of profitability metrics. Considering the ongoing regulatory scrutiny on guarantees issued under the miscellaneous segment, the Company is expected to further strengthen its risk management framework and internal controls to mitigate potential risks.

Insurance Sector Update

GLOBAL:

The global insurance industry recorded strong growth in 2024, with premiums rising by 8.6% and the global premium pool reaching around USD 7.6 trillion (Allianz 2025). Insurance penetration (premiums as a percentage of GDP) increased modestly to 7.4%, reflecting ongoing demand for protection despite macroeconomic and geopolitical uncertainties (McKinsey 2025). While all segments contributed to the expansion, the focus is increasingly shifting from raw growth figures to the structural trends reshaping the industry.

Growth across insurance segments in 2024 showed clear regional variation. Life insurance was the fastest growing line, expanding by over 10%, led by North America (14%) as households locked in higher annuity rates, and China (15%), which remains the largest growth engine in Asia (Allianz 2025). Property and casualty (P&C) insurance rose nearly 8%, with North America (8%) again leading, Western Europe steady at around 6%, and Asia lagging at only 4% despite its large population base (Allianz 2025). Health insurance grew by 7% overall, but demand was strongest in Asia (+12%), reflecting low penetration and weaker public healthcare systems (Allianz 2025). Globally, the United States dominates, accounting for about 40% of gross written premiums, followed by China (7–8%) and Western Europe's largest markets. Over the past decade, North America increased its market share to nearly 48%, while China nearly doubled to 11%. Although the US market, at USD 3.5 trillion in premiums, still outweigh China's USD 0.8 trillion (IAIS 2024; Allianz 2025).

A major driver of future change is the rapid adoption of artificial intelligence (AI) and digitalization. Generative AI is already transforming underwriting, claims management, and customer engagement by cutting costs and enabling personalized products (McKinsey 2025). Supervisors, however, highlight risks around governance, liquidity from faster policy surrenders, and cybersecurity vulnerabilities (IAIS 2024).

Insurtech and fintech platforms are also reshaping distribution. Embedded insurance is gaining traction, especially in Asia, while bancassurance accounts for up to 25% of non-life premiums in Latin America (McKinsey 2025). Smaller fintech platforms are pushing into microinsurance and digital-first solutions, helping reduce long-standing protection gaps in health and life insurance.

A parallel trend gaining momentum is the growth of Takaful Islamic insurance that operates on Shariah-compliant, risk-sharing principles. The global Takaful market was valued at around USD 45.5 billion in 2024 and is projected to double to approximately USD 111.9 billion by 2034, reflecting a compound annual growth rate of about 9.4% (Market Research Future 2025). Growth is fueled by rising demand for ethical financial products, strong government support in Muslim-majority regions, and expanding digital distribution channels—especially in Asia-Pacific, which is becoming the fastest-growing region for Takaful (Market Research Future 2025).

LOCAL REVIEW:

The insurance sector in Pakistan expanded in 2024, though its growth remains below global averages. Insurance premiums in Pakistan rose by 7.3% to PKR 677 billion from PKR 631 billion a year earlier (Allianz, 2025; SECP, 2024) with Insurance penetration stood only 0.7% of GDP.

In general insurance, gross written premium reached PKR 243 billion in 2024, a 7% increase over the previous year (SECP, 2024). Fire and property remained the largest class at 32% of total premium (PKR 77 billion), followed by motor at 24% (PKR 58 billion) and engineering at 14%. Personal lines remain marginal at 1.4% of premium, pointing to untapped retail potential. Distribution continues to be dominated by agency and direct channels, which together contribute around 81% of premium, though digital channels are beginning to make inroads with their share rising to 1.61% in 2024, up from 0.7% in 2023. The retention ratio improved to 43% from 42% the year before, and the number of policies grew to 2.4 million from 2.1 million, reflecting a broadening base of insured risks (SECP, 2024).

Life insurance premiums totaled PKR 434 billion in 2024 compared to PKR 404 billion in 2023, with 7.9 million policies in force and claims paid amounting to PKR 507 billion (SECP, 2024). Health-linked and unit-linked products dominate the portfolio, with health accounting for 35% of premium, participating policies 31%, and unit-linked 27%. In the public sector, 48% of premium relates to health, while in the private sector 75% is unit-linked. Distribution patterns remain split: 98% of public-sector life premium is sourced via agency, while in the private sector bancassurance contributes 47%. Regional concentration is high, with Punjab accounting for 62% of individual life premium. Public health purchasing is also significant, as the Sehat Sahulat Program made up 32% of total life premium in 2024. Digital is scaling rapidly, with premiums rising from PKR 430 million in 2023 to PKR 2.0 billion in 2024, a 365% increase (SECP, 2024). Despite these gains, penetration remains stuck at 0.7%, reflecting limited enforcement of mandatory covers, coverage gaps in both formal and informal sectors, low awareness, and a historically narrow retail footprint (SECP, 2025—Social Security Landscape). Statutory group life requirements remain poorly enforced: only 9.5 million workers are covered and just 5% of registered companies purchase group life policies. Lack of data-sharing between institutions has further constrained enforcement of compulsory lines (SECP, 2025—Social Security Landscape).

Auditor's Opinion:

M/s. RSM Avais Hyder Liaquat Nauman, 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.

Regulatory Status

On May 20, 2025, the Securities and Exchange Commission of Pakistan (SECP) directed the United Insurance Company of Pakistan Limited (UICPL) to cease its guarantee business, citing non-encashment of called guarantees and insufficient collateral coverage.

UICPL challenged the directive in the Islamabad High Court, The Court suspended SECP's orders and issued notices for further proceedings. On July 31, 2025, the court ordered to SECP to withdraw the May 21 press release and submit the compliance report with court. Subsequently, on September 4, 2025, SECP officially withdrew the press release, noting that the High Court had suspended its original directive.

Business Strategy

UICPL operates through a widespread national network of 125 conventional and 22 Window Takaful Operation (WTO) branches as per CY24 report. UICPL offers insurance coverages for fire and allied perils, marine cargo, marine hull, motor theft and damage, crop and miscellaneous risks including loss of cash in safe and cash in transit, engineering losses, health, workmen's compensation, aviation, livestock and natural calamities.

The total Gross Written Premium (GWP) including Takaful amounted to PKR 13.0bn (CY23: PKR 10.1bn) at end-Dec'24. Conventional and Takaful GWP were PKR 10.6bn (CY23: PKR 7.9bn) and PKR 2.4bn (CY23: PKR 2.2bn) respectively. Business mix remained similar to the previous year, with miscellaneous segment dominating the business mix, followed by crop and motor segment. On the other hand, proportion of marine in the business mix continues to remain low. Whereas growth in crop segment aligns with major initiatives taken by State Bank of Pakistan (SBP) in collaboration with Federal and Provincial Governments. The growth in GWP resulted in an increase in the market share of UICPL to 6.1% as opposed to 4.1% in the preceding year. The market share of conventional segment rose to 5.7% (CY23: 5.0%) whereas for takaful segment it grew to 9.3% (CY23: 8.6%) by end-Dec'24.

During the ongoing half year, total GWP (Conventional & Takaful) declined marginally to PKR 4.6bn (1HCY24: PKR 4.8bn) wherein conventional and takaful amounted to PKR 3.4bn (1HCY24: PKR 3.8bn) and PKR 1.1bn (1HCY24: PKR 1.0bn) respectively. Business mix depicted a few changes such as the increase in the share of miscellaneous segment following a decline in crop and fire segment.

Table 1: Gross Written Premium (Amount in Millions)

GROSS WRITTEN PREMIUM	CY23	%	CY24	%	1HCY25	%	1HCY24	%
Fire and property damage	**1,453.8**	14%	**1,659.7**	13%	**538.3**	12%	**660.8**	14%
Conventional	*1,215.6*		*1,422.0*		*453.6*		*562.4*	
Takaful	*238.2*		*237.7*		*84.8*		*98.4*	
Marine, aviation and transport	**711.9**	7%	**886.7**	7%	**414.3**	9%	**457.9**	10%
Conventional	*507.5*		*626.3*		*294.9*		*330.6*	
Takaful	*204.3*		*260.4*		*119.5*		*127.3*	
Motor	**1,841.9**	18%	**2,387.8**	18%	**1,325.5**	29%	**1,274.6**	27%
Conventional	*1,037.5*		*1,390.3*		*736.6*		*722.2*	
Takaful	*804.4*		*997.4*		*588.8*		*552.4*	
Crop	**1,369.4**	21%	**1,886.9**	29%	**302.2**	5%	**581.5**	9%
Crop (Conventional)	1,369.4		1,886.9		302.2		581.5	
Miscellaneous	**4,689.2**	47%	**6,205.1**	48%	**1,988.6**	44%	**1,812.3**	38%
Conventional	*3,765.0*		*5,289.7*		*1,641.3*		*1,575.9*	
Takaful	*924.2*		*915.4*		*347.3*		*236.4*	
Total Gross Premium	**10,066.1**	100%	**13,026.2**	100%	**4,568.9**	100%	**4,787.0**	100%
Conventional	*7,895.1*		*10,615.3*		*3,428.5*		*3,772.6*	
Takaful	*2,171.0*		*2,410.9*		*1,140.4*		*1,014.5*	

In CY24, the overall cession ratio of UICPL declined to 37.7% (CY23 43.4%), largely due to a significant reduction in crop reinsurance to 48.8% (CY23: 73.3%) and lower cessions in the miscellaneous segment. This decline reflects an increase in the internal retention, raising the risk profile. Motor also saw increased cession, indicating enhanced risk transfer in high-frequency claim segments.

For 1HCY25, the cession ratio rose to 47.1% (1HCY24: 40.2%), led by continued high fire cessions (63.2%) and stronger reinsurance in motor and marine segments. This uptick reflects renewed risk offloading post-regulatory scrutiny and an overall tightening of treaty structures, especially for volatile lines.

Table 2: Cession Ratio

CESSION RATIO	CY21	CY22	CY23	CY24	1HCY25	1HCY24
Fire and property damage	**47.5%**	**35.7%**	**43.5%**	**50.6%**	**61.3%**	**63.2%**
Conventional	*47.6%*	*36.8%*	*46.9%*	*50.4%*	*60.3%*	*64.1%*
Takaful	*47.0%*	*28.5%*	*25.8%*	*51.3%*	*67.2%*	*57.8%*
Marine, aviation and transport	**43.2%**	**32.9%**	**41.1%**	**36.8%**	**28.4%**	**31.8%**
Conventional	*46.6%*	*34.9%*	*46.1%*	*39.2%*	*26.2%*	*31.8%*
Takaful	*33.1%*	*27.8%*	*28.7%*	*31.1%*	*33.8%*	*32.1%*
Motor	**35.5%**	**30.5%**	**29.8%**	**45.7%**	**29.1%**	**39.4%**
Conventional	*45.7%*	*48.6%*	*52.1%*	*77.7%*	*51.3%*	*68.8%*
Takaful	*9.5%*	*0.6%*	*1.1%*	*1.0%*	*1.3%*	*0.9%*
Crop	**31.4%**	**45.8%**	**73.3%**	**48.8%**	**129.5%**	**81.5%**
Miscellaneous	**47.4%**	**36.6%**	**40.4%**	**28.0%**	**30.7%**	**39.4%**
Conventional	*60.7%*	*50.8%*	*49.9%*	*32.5%*	*35.8%*	*44.8%*
Takaful	*10.3%*	*1.3%*	*1.5%*	*1.8%*	*6.7%*	*3.3%*
Cession Ratio	**43.4%**	**36.3%**	**43.4%**	**37.7%**	**40.2%**	**47.1%**
Conventional	*48.9%*	*53.7%*	*46.4%*	*55.9%*	*50.2%*	*43.2%*
Takaful	*14.8%*	*5.5%*	*6.6%*	*9.5%*	*11.3%*	*10.9%*

Claims Experiences

Table 3: Gross Claims Ratio

GROSS CLAIMS RATIO	CY21	CY22	CY23	CY24	1HCY25	1HCY24
Fire and property damage	**45.4%**	**137.4%**	**43.2%**	**21.4%**	**49.0%**	**17.3%**
Conventional	*44.6%*	*97.2%*	*35.2%*	*18.9%*	*52.6%*	*16.1%*
Takaful	*54.8%*	*812.6%*	*115.1%*	*45.0%*	*20.6%*	*28.6%*
Marine, aviation and transport	**22.1%**	**43.2%**	**29.7%**	**17.4%**	**3.3%**	**15.4%**
Conventional	*15.8%*	*41.2%*	*24.5%*	*13.2%*	*-3.2%*	*11.0%*
Takaful	*53.5%*	*52.1%*	*50.5%*	*33.9%*	*27.2%*	*33.9%*
Motor	**45.7%**	**47.9%**	**67.8%**	**58.8%**	**68.4%**	**53.5%**
Conventional	*42.2%*	*38.8%*	*65.9%*	*60.6%*	*60.3%*	*56.0%*
Takaful	*59.8%*	*88.3%*	*72.7%*	*54.9%*	*85.4%*	*47.0%*
Crop and A&H	**56.0%**	**81.3%**	**110.1%**	**60.0%**	**-52.7%**	**51.7%**
Crop (Conventional)	*56.0%*	*81.3%*	*110.1%*	*60.0%*	*-52.7%*	*51.7%*
Miscellaneous	**50.4%**	**57.0%**	**41.0%**	**42.9%**	**40.3%**	**56.4%**
Conventional	*42.3%*	*47.9%*	*32.2%*	*33.2%*	*28.0%*	*40.4%*
Takaful	*94.4%*	*93.8%*	*85.0%*	*126.8%*	*125.6%*	*171.5%*
Gross Claims Ratio	**48.0%**	**71.2%**	**54.4%**	**43.6%**	**35.8%**	**45.2%**
Conventional	*43.1%*	*60.4%*	*49.5%*	*38.5%*	*26.0%*	*38.6%*
Takaful	*80.2%*	*134.7%*	*81.2%*	*79.1%*	*87.4%*	*85.9%*

During CY24, UICPL's gross claims expense (conventional & takaful) declined marginally to PKR 4.9bn (CY23: PKR 5.1bn) whereby conventional and takaful claims amounted to PKR 3.8bn (CY23: PKR 3.9bn) and PKR 1.1bn (CY23: PKR 1.2bn) respectively. UICPL's top incurred claims related to a Logistics company amounting to PKR 68.2mn which was fully retained on net account. Furthermore, many travel-related claims were incurred in CY24. However, with growth in premiums, the gross claims ratio improved to 43.6% (CY23: 54.4%). On the other hand, net claims expenses rose to PKR 2.6bn (CY23: PKR 2.0bn), resulting in a marginal increase in net claims ratio to 36.4% (CY23: 35.4%). Net claims for miscellaneous segment increased due to higher retention. Net claims pertaining to takaful segment remained relatively high owing to minimal cession. The Company continues to have outstanding claims (including IBNR) amounting to PKR 3.0bn, with 40% of the claims from miscellaneous and 36% of claims from fire segment. 36.2% of the miscellaneous claims are due for over two years.

During 1HCY25, gross and net claim expenses posted a decline to PKR 1.6bn (1HCY24: PKR 2.1bn) and PKR 712.3mn (1HCY24: PKR 896.8mn) with major claims from miscellaneous and motor segments. But the improvement in premium earned led to an improvement in gross claim ratio to 35.8% (1HCY24: 45.2%). Additionally, improvement in net premium revenue improved the net claims ratio to 22.1% (1HCY24: 32.2%) by end June'25. Aging of claims (Inc. IBNR) indicate that 40% of the claims pertain to miscellaneous segment and 27% of these claims are due for over two years. Going forward, claims are expected to rise due to higher floods during the ongoing year.

Table 4: Net Claims Ratio

NET CLAIMS RATIO	CY21	CY22	CY23	CY24	1HCY25	1HCY24
Fire and property damage	**19.3%**	**32.3%**	**30.8%**	**20.3%**	**32.8%**	**38.2%**
Conventional	*19.7%*	*25.7%*	*33.2%*	*10.9%*	*13.2%*	*20.9%*

Takaful	*28.2%*	*14.9%*	*22.4%*	*3.7%*	*11.2%*	*2.2%*
Marine, aviation and transport	**12.8%**	**14.3%**	**16.3%**	**7.9%**	**-2.5%**	**5.5%**
Conventional	*6.7%*	*14.1%*	*12.9%*	*9.9%*	*-7.8%*	*6.8%*
Takaful	*28.2%*	*14.9%*	*22.4%*	*3.7%*	*11.2%*	*2.2%*
Motor	**34.9%**	**29.6%**	**30.2%**	**43.1%**	**36.8%**	**20.9%**
Conventional	*29.3%*	*14.3%*	*20.2%*	*81.6%*	*12.4%*	*7.1%*
Takaful	*45.3%*	*48.8%*	*37.4%*	*35.1%*	*48.8%*	*28.6%*
Crop	**15.0%**	**17.4%**	**78.6%**	**36.3%**	**51.0%**	**32.6%**
Crop (Conventional)	*15.0%*	*17.4%*	*78.6%*	*36.3%*	*51.0%*	*32.6%*
Miscellaneous	**36.4%**	**37.9%**	**37.0%**	**41.9%**	**18.0%**	**43.5%**
Conventional	*20.1%*	*27.2%*	*20.1%*	*25.2%*	*5.6%*	*16.5%*
Takaful	*65.7%*	*53.2%*	*69.5%*	*101.6%*	*54.4%*	*120.3%*
Net Claims Ratio	**29.6%**	**31.3%**	**35.4%**	**36.4%**	**22.1%**	**32.2%**
Conventional	*19.6%*	*22.4%*	*26.7%*	*26.2%*	*6.2%*	*16.3%*
Takaful	*56.8%*	*51.5%*	*51.3%*	*61.7%*	*52.6%*	*64.5%*

Underwriting Performance:

Table 5: Profitability Indicators (Amounts in Millions)

	CY21	CY22	CY23	CY24	1HCY25	1HCY24
Net Claims Ratio	29.6%	31.3%	35.4%	36.4%	22.1%	32.2%
Underwriting Expense Ratio	33.2%	31.8%	33.8%	34.2%	39.5%	41.2%
Combined Ratio	**62.9%**	**63.1%**	**69.2%**	**70.6%**	**61.5%**	**73.4%**
Recurring Investment Income	86.3	193.1	300.9	236.5	116.1	115.8
Net Premium Revenue	3,729.1	4,877.3	5,634.8	7,195.1	3,228.8	2,783.7
Net Operating Ratio	**60.5%**	**59.1%**	**63.8%**	**67.3%**	**57.9%**	**69.2%**

During CY24, both the net claims ratio and the underwriting expense ratio increased, leading to a higher combined ratio. On the other hand, recurring investment income declined to PKR 236.5mn (CY23: PKR 300.9mn), thereby increasing the Net Operating Ratio (NOR) to 67.3% (CY23: 63.8%). Despite a marginal increase in the combined ratio, underwriting profits rose significantly to PKR 2.1bn (CY23: PKR 1.2bn). Within this, conventional business contributed PKR 2.1bn (CY23: PKR 1.1bn), while takaful recorded a loss of PKR 56.3mn (CY23: profit of PKR 157.6mn). The miscellaneous segment was the primary revenue driver, contributing ~44% of underwriting profits, while fire, marine, and crop segments also showed improvement. In contrast, motor underwriting profits declined due to higher cession.

By end-Jun'25, a marked improvement was observed in underwriting performance. The net claims ratio dropped to 22.1% (1HCY24: 32.2%), driven by growth in net premium revenue to PKR 3.2bn (1HCY24: PKR 2.8bn), primarily from the miscellaneous segment, alongside a decline in net claims. Growth in net premium revenue also outweighed inflation-driven expense growth, resulting in a lower underwriting expense ratio of 39.5% (1HCY24: 41.2%) and consequently, an improved combined ratio. With recurring income remaining unchanged, NOR also declined. Underwriting profits (*conventional & takaful*) amounted to PKR 1.2bn (1HCY24: PKR 702.7mn), reflecting improvement in both segments. Conventional profits stood at PKR 1.1bn (1HCY24: PKR 793.6mn), while takaful posted PKR 67.6mn against a loss of PKR 91.0mn in the preceding half year. Miscellaneous remained the largest contributor, supported by reduced cession and higher net premium revenue, while fire and marine segments also improved. However, motor and crop segments posted a decline in profitability.

Table 6: Underwriting Profits (Amount in Millions)

UNDERWRITING PROFITS	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**	**1HCY24**
Fire and property damage	**70.3**	**123.0**	**80.7**	**250.2**	**45.0**	**11.8**
Conventional	59.1	181.9	56.6	281.5	99.6	87.8
Takaful	11.2	(58.9)	24.1	(31.2)	(54.6)	(76.0)
Marine, aviation and transport	**91.6**	**153.2**	**123.4**	**239.3**	**157.2**	**103.6**
Conventional	70.5	110.5	93.3	163.4	127.0	87.5
Takaful	21.1	42.7	30.1	75.8	30.2	16.1
Motor	**139.4**	**246.4**	**317.3**	**264.5**	**160.1**	**286.6**
Conventional	100.4	223.2	200.0	44.9	146.2	172.4
Takaful	39.0	23.2	117.3	219.6	13.8	114.2
Crop (Conventional)	**213.7**	**304.9**	**18.3**	**423.1**	**(42.0)**	**31.5**
Miscellaneous	**531.1**	**381.0**	**693.2**	**911.3**	**858.4**	**269.2**
Conventional	523.7	267.0	707.0	1,210.7	780.3	414.5
Takaful	7.4	114.0	(13.8)	(299.4)	78.1	(145.3)
Underwriting Profits	**1,046.1**	**1,208.6**	**1,232.9**	**2,088.4**	**1,178.6**	**702.7**
Conventional	967.5	1,087.6	1,075.2	2,123.5	1,111.0	793.6
Takaful	78.6	121.0	157.6	(56.5)	67.6	(91.0)

Investment Mix

Table 7: Investment Mix

PKR in millions	**CY23**		**CY24**		**1HCY25**	
	Market Value	**%**	**Market Value**	**%**	**Market Value**	**%**
Equity Securities	40.9	3%	47.5	3%	49.1	3%
Government Securities	1,104.5	78%	764.8	49%	774.3	51%
Term Deposits	268.8	19%	759.7	48%	695.9	46%
Total	1,414.1	100%	1,572.1	100%	1,519.3	100%

During CY24, investment income rose to PKR 474.1mn (CY23: PKR 134.8mn), primarily driven by a one-time gain from the sale of shares of Apna Microfinance (APNA), rather than higher returns from stocks or PIBs. However, in the ongoing half-year, despite higher income generated from term deposits, investment income turned negative at PKR 286.3mn. This reversal stemmed from the cancellation of the APNA sale as per the Board meeting held on April 28, requiring UICPL to recognize a loss of PKR 359.7mn in the current year.

UICPL's investment portfolio remains concentrated in Government Securities (primarily 10-year PIBs), Term Deposits, and Equities. Equity holdings stood at PKR 47.5mn at end-Dec'24 (CY23: PKR 40.9mn), carrying inherent price risk. A lower unrealized loss of PKR 4.7mn was recognized during the year (CY23: PKR 24.4mn), supported by the disposal of low-performing stocks and reduced losses on the remaining portfolio. Despite the stock market's positive trajectory, the loss also reflected mark-to-market adjustments under the Available-for-Sale (AFS) classification. In line with accounting standards, fair value changes in AFS securities are routed through Other Comprehensive Income, rendering the portfolio sensitive to temporary volatility regardless of the long-term holding strategy. By 1HCY25, equity investments increased marginally to PKR 49.1mn.

Exposure in PIBs declined to PKR 764.8mn at end-Dec'24 (CY23: PKR 1.1bn) on account of maturities. In line with regulatory requirements under the Insurance Ordinance, PIBs of PKR 904.1mn (CY23: PKR 904.1mn) continue to be maintained as statutory deposits with SBP. Given that the PIB portfolio is classified as Held-to-Maturity (HTM) on amortized cost, it is insulated from mark-to-market losses arising from interest rate movements. PIB exposure remained stable at PKR 769.5mn by end-Mar'25.

Term deposits rose significantly to PKR 759.7mn at end-Dec'24 (CY23: PKR 268.8mn), primarily to strengthen liquidity buffers against rising guarantee-related obligations. These deposits, carrying returns ranging from 2.25% to 16.0% per annum (CY23: 4.0%–16.0%), mature between Feb 04, 2025 and Dec 04, 2025. Of the total, deposits of PKR 237.0mn (CY23: Nil) are under lien with banks against guarantees issued on behalf of the Company. As of Jun'25, term deposits had declined to PKR 695.9mn.

Reinsurance Arrangement

The Company's portfolio is supported by sound reinsurance arrangements with a diversified panel of international and local reinsurers. The overall risk profile of the reinsurance panel remained sound with the majority of reinsurers rated at 'A' or higher. In CY25, quota share treaties for Medical & Travel and Terrorism were ceased. PRCL dominated in terms of share in all segments except crop & Livestock. UICPL's net retention remained similar to the previous year and there were no significant changes in terms of treaty capacities during the review period.

Capitalization

Table 8: Capitalization Indicators (Amount in Millions)

CAPITALIZATION INDICATORS	**CY22**	**CY23**	**CY24**	**1HCY25**
Net Worth	3,977.6	4,371.8	5,436.0	6,080.8
Operating Leverage (%)	122.6%	128.9%	132.4%	106.2%
Adjusted Financial Leverage (PG)	38.2%	22.9%	38.4%	26.2%

Capitalization levels of the Company have improved on account of internal capital generation. Moreover, UICPL is considered sound from solvency risk point of view as the Company has adequate cushion in terms of total admissible assets over its liabilities. UICPL's core equity improved to PKR 6.0bn (CY24: PKR 5.4bn; CY23: PKR 4.4b) due to the increase manifested in the share capital of the Company to PKR 4.2bn (CY24: PKR 3.5bn; CY23: PKR 3.5bn) through the injection of a final dividend of PKR 693.5mn. Furthermore, growth in equity base outstripped the growth in business activity (*conventional & WTO*), resulting in a reduction of operating leverage to 106.2% (CY24: 132.4%; CY23: 128.9%) at end-1HCY25.

Net technical reserves decreased to PKR 1.6bn (CY24: PKR 2.1bn; CY23: PKR 999.9mn) due to a decline in unearned premium reserves and unearned reinsurance commission. On the other hand, with an increase in equity base, financial leverage scaled down to 26.2% (CY24: 38.4%; CY23: PKR 22.9%).

Nevertheless, the aging profile of claims' payable shows that 43% of the claims are past due for more than two years at end-CY24, Majority of these outstanding claims pertain to fire and miscellaneous segments. 35% of the miscellaneous claims outstanding are related to the bond segment in CY24.

Liquidity Profile:

Table 9: Liquidity Indicators

	CY22	CY23	CY24	1HCY25
Insurance Debt to Gross Premium (%)	18.9%	16.6%	24.3%	28.7%
Liquid Assets to Net Technical Reserves (%)	179.0%	200.4%	114.3%	145.9%

The quantum of liquid assets marginally decreased to PKR 2.3bn (CY24: PKR 2.4bn; CY23: PKR 2.0bn) owing to a decline in the carrying value of term deposits. On the other hand, with a decline in net technical reserves, the liquid assets maintained in relation to technical reserves increased to 145.9% (CY24: 114.3%) by end-1HCY25.

Additionally, insurance debt in relation to gross premium (*annualized*) exhibited an increase to 28.7% by end-June'25; the same also increased to 24.3% (CY23: 16.6%) in CY24 due to a notable increase in dues from insurance contract holders indicating stretched collections. Furthermore, the operating cash flows in terms of net premium revenue exhibited a mixed trend; the same declined to -3.8% (1HCY24: 21.8%) during 1HCY24 due to higher operating payments whereas this metric increased to 25.4% (CY23: 11.0%) in CY24 on account of an increase in the insurance premium received and lower operating payments made. UICPL also has a cash reserve amounting to PKR 809.2mn (CY24: PKR 813.0mn; CY23: PKR 588.9mn).

Corporate Governance:

During CY24, the Board of Directors (BoD) of UICPL underwent notable changes. On April 29, 2024, three directors—Mr. Muhammad Ashraf Khan, Mr. Abdul Hadi Shahid, and Mr. Ihsan Ul Haq Khan—were elected to the board, replacing Mr. Jamil Ahmed Khan, Mr. Agha Ali Imam, and Mr. Syed Rahat Ali Shah, who retired on the same date. The remaining members of the board, including Mr. Mian M.A. Shahid (Chief Executive Officer), Mr. Khawas Khan Niazi, Mr. Muhammad Rahat Sadiq, and Ms. Huma Waheed, continued their directorships throughout the year. As of 1QCY25, the composition of the board remained unchanged following the April 2024 election.

IFRS 17 Implementation:

United Insurance Company of Pakistan Limited has initiated its preparedness for the implementation of IFRS 17 by conducting an impact assessment and engaging with external consultants. The Company is in the process of developing system enhancements and aligning its actuarial and financial reporting functions to meet the new standard's requirements. The transition is being managed in phases to ensure compliance within the stipulated regulatory timelines.

The United Insurance Company of Pakistan Limited — Annexure I

FINANCIAL SUMMARY				
BALANCE SHEET	**CY22**	**CY23**	**CY24**	**1HCY25**
Cash and Bank Accounts	894.3	588.9	813.0	809.2
Investments	1,825.2	1,414.1	1,572.1	1,519.3
Investment in Subsidiaries and Associates	-			
Liquid Assets	2,719.6	2,003.0	2,385.0	2,328.5
Investment Property	251.0	332.3	487.2	533.2
Insurance Debt	1,611.5	1,674.2	3,167.1	2,620.1
Total Assets	13,000.4	13,862.7	16,053.5	16,477.1
Paid Up Capital	2,950.0	3,467.5	3,467.5	4,161.0
Net Worth	3,977.6	4,371.8	5,436.0	6,080.8
Total Liabilities	8,318.8	8,832.9	10,032.2	9,823.7
INCOME STATEMENT	**CY22**	**CY23**	**CY24**	**1HCY25**
Gross Premium Written	8,538.6	10,066.1	13,026.2	4,568.9
Net Premium Revenue	4,877.3	5,634.8	7,195.1	3,228.8
Net Claims	1,526.7	1,996.0	2,619.3	712.3
Underwriting Profit/(Loss)	1,208.6	1,232.9	2,088.4	1,178.6
Investment Income	111.0	134.8	474.1	(286.3)
Profit Before Tax	1,199.2	1,370.2	2,792.5	935.3
Profit After Tax	921.7	1,005.4	2,026.9	628.6
RATIO ANALYSIS	**CY22**	**CY23**	**CY24**	**1HCY25**
Market Share (%)	5.8%	4.1%	6.1%	
Cession Ratio (%)	36.3%	43.4%	37.7%	40.2%
Gross Claims Ratio (%)	71.2%	54.4%	43.6%	35.8%
Net Claims Ratio (%)	31.3%	35.4%	36.4%	22.1%
Underwriting Expense Ratio (%)	31.8%	33.8%	34.2%	39.5%
Combined Ratio (%)	63.1%	69.2%	70.6%	61.5%
Insurance Debt to Gross Premium (%)	18.9%	16.6%	24.3%	28.7%
Operating Leverage (%)	122.6%	128.9%	132.4%	106.2%
Liquid Assets to Net Technical Reserves (%)	179.0%	200.4%	114.3%	145.9%
Adjusted Financial Leverage (PG)	38.2%	22.9%	38.4%	26.2%

**Annualized*

REGULATORY DISCLOSURES — Annexure II

Name of Rated Entity	The United Insurance Company of Pakistan Limited
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength (IFS) Rating

Rating History

Rating Date	Medium to Long Term	Rating Outlook/ Rating Watch	Rating Action
RATING TYPE: IFS			
26/09/2025	**AA+ (IFS)**	**Stable**	Maintained
27/05/2025	**AA+ (IFS)**	**Rating Watch-Developing**	Maintained
5/08/2024	AA+ (IFS)	Stable	Reaffirmed
27/07/2023	AA+ (IFS)	Stable	Reaffirmed
31/03/2022	AA+ (IFS)	Stable	Harmonized
14/10/2021	AA	Stable	Upgrade
10/06/2020	AA-	Stable	Reaffirmed
22/03/2019	AA-	Stable	Initial

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
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
Mr. Maqbool Ahmed	CFO	**August 13, 2025**
Mr. Saad Munir	DGM Accounts & Finance	