

General Takaful Sector In Pakistan



**Takaful – an Islamic
concept of Insurance**

February 2016

Industry Structure

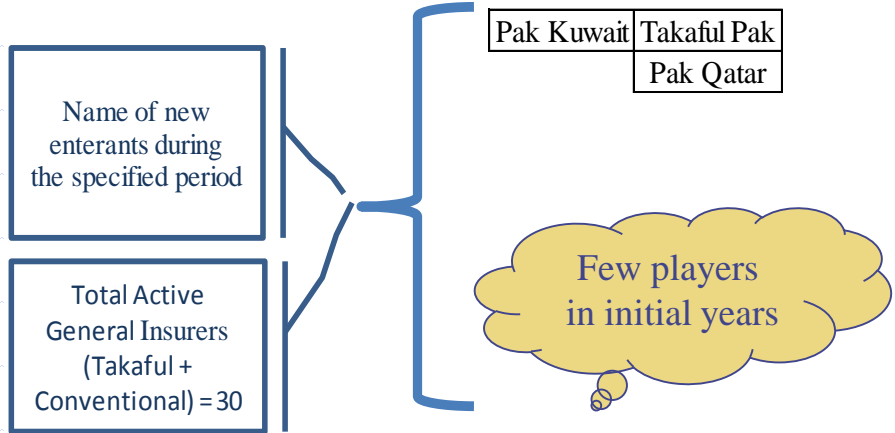
System Share

Segment Mix

Strengths & Challenges

General Takaful Industry Structure ¹

Number of players - at end-Period	CY05	CY06	→					CY14	1Q15	2Q15	3Q15	4Q15	→	CY16E*
Takaful Operators	1	3						3	3	3	3	3		3
Window Takaful Operators	0	0						3	3	5	7	8		18
TOTAL Takaful Operators	1	3						6	6	8	10	11		21



Pak Kuwait	Takaful Pak
	Pak Qatar

United
TPL Direct
SPI

EFU	Askari	Premier
Jubilee	Asia	

Alfalah
Atlas
Adamjee
IGI
Security Gen.
East West
Reliance
PGI
Shaheen
Sind

* Estimated CY16, based on to-date announcements/ plans by the companies

2005(Sep) – SECP allowed General Takaful in Pakistan, only through dedicated Takaful Operators

2012(Jan) – Window Takaful allowed to conventional insurers by Securities and Exchange Commission of Pakistan (SECP). However, in Aug12, challenged by Takaful Operators in the High Court of Sindh

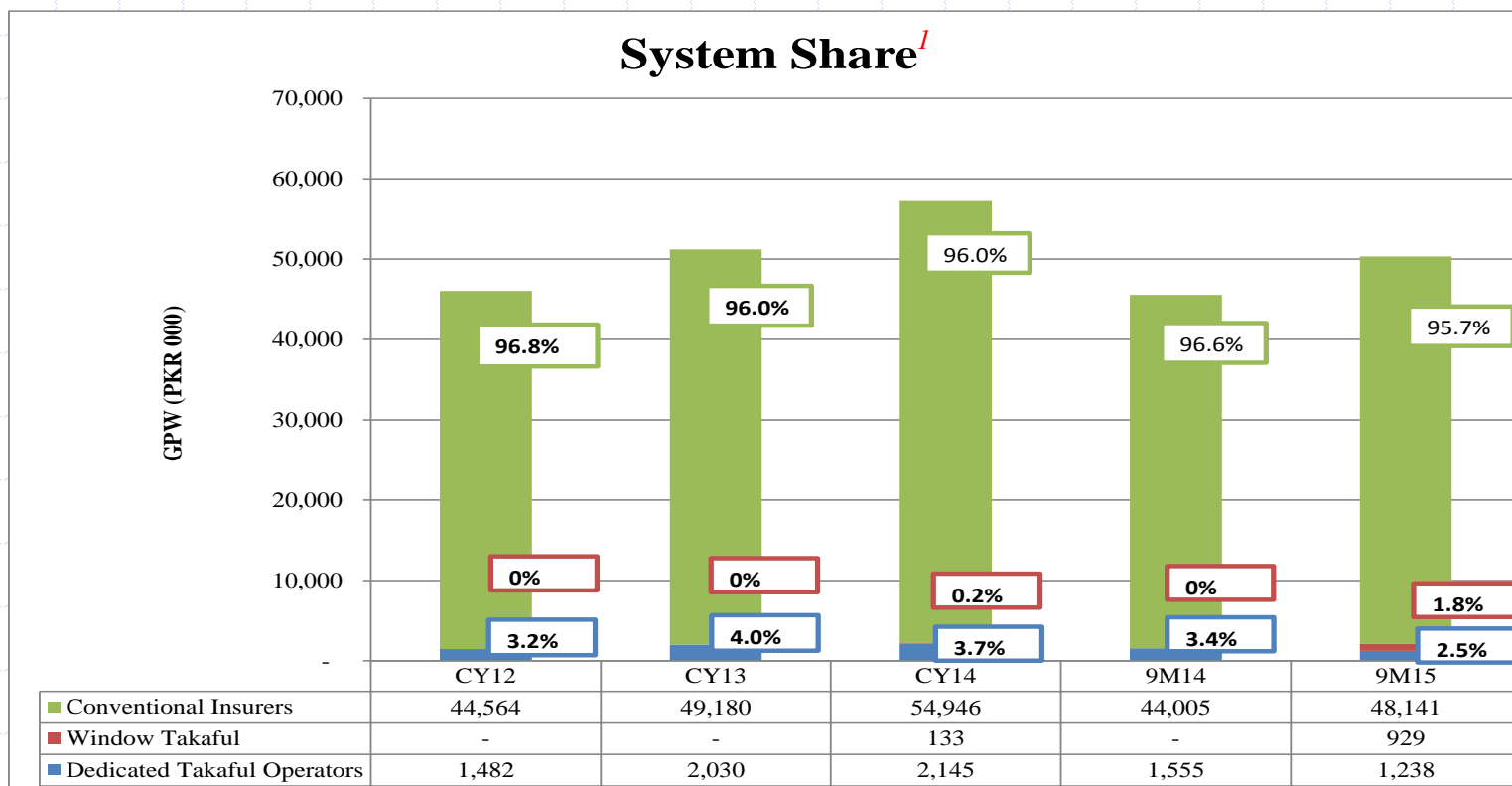
2014(May) – Out-of-court settlement between Takaful Operators and SECP; the grant of authorisation for commencing window takaful operations by conventional players



Market Presence

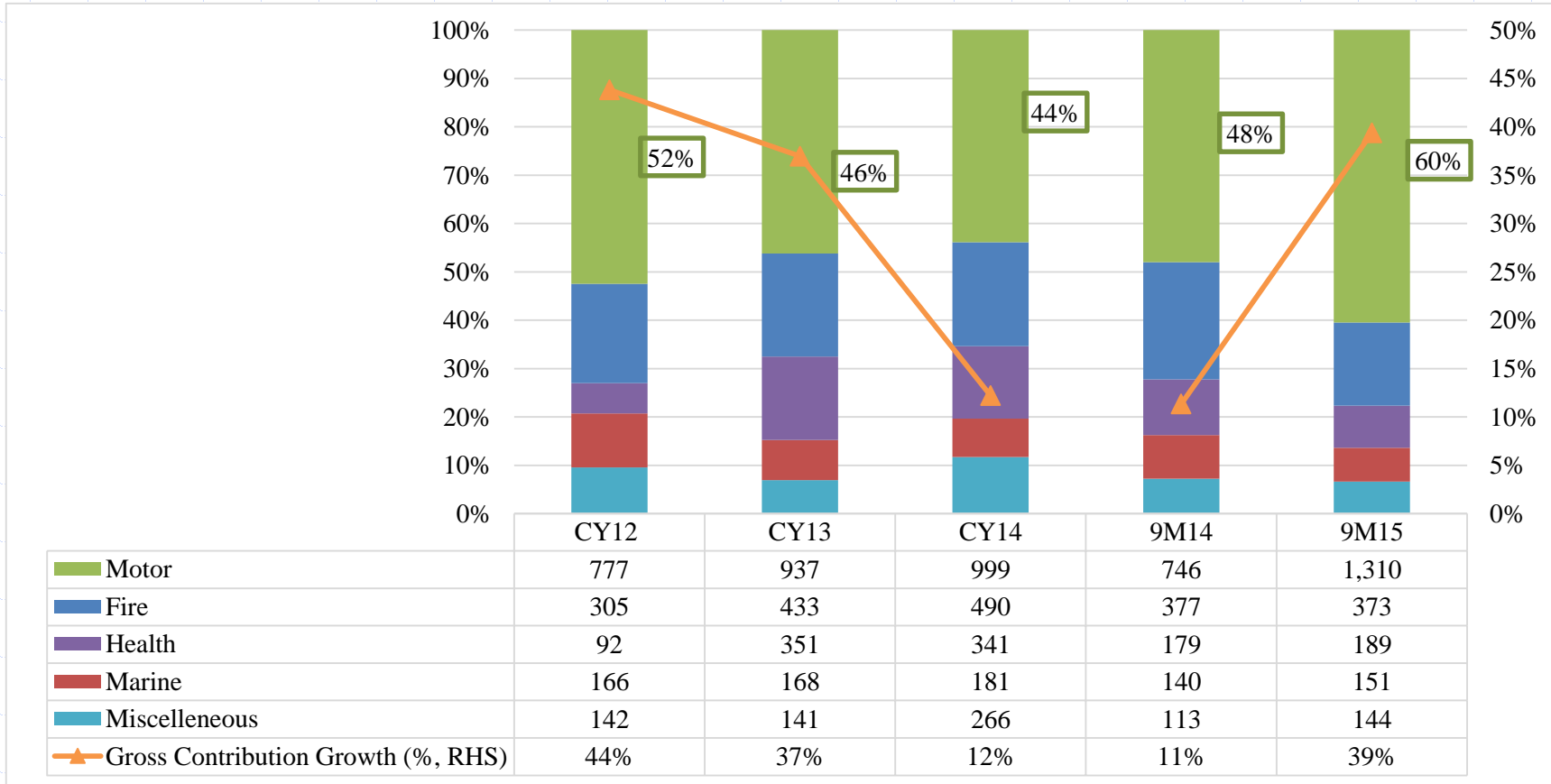
- High growth expected in CY15 due to advent of window takaful
- General Takaful occupies a small share in the insurance pie of the country
- Top Takaful Operator's market share is small at 1.1% (end-Sep15)
- Entry of large sized conventional insurers – commencing Window takaful, the share of takaful would increase in insurance pie of the country

Year	Aggregate Takaful ¹ (PKR'000)	% Growth
CY12	1,482	44%
CY13	2,030	37%
CY14	2,278	12%
CY15 (Estimate)	3,211	41%



Gross Contribution (GPW) Mix by Segments¹

- Motor segment continued to remain the dominated segment occupying 60% of the mix at end-Sep15
- Picked up growth of general takaful on the back of motor segment



Strengths/ Challenges

- + Window Takaful is expected to thrive sector growth; (i) large conventional players have large capacities, (ii) established brands, (iii) market awareness will increase
- + Co-Takaful allowed (2015) with conventional insurers is a further step to boost general takaful growth
- + Non-motor segments growth, brought by large window takaful operators, shall bring segment diversification
- Stiff competition faced by takaful operators in the backdrop of window takaful
- Low market presence of general takaful in the overall insurance pie
- Re-takaful treaty arrangements in non-motor segments (relatively large capacities) are new to Pakistan Industry; re-takaful is complex model as compared to conventional treaties
- Additional regulatory requirements; Shariah issues and compliance makes (i) product development complex, (ii) investment avenues limited, and (iii) HR training more intense, as compared to conventional insurance

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Segment Mix

Strengths & Challenges

Bibliography

1. PACRA's in-house research and database

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