



The Pakistan Credit Rating Agency Limited

STATE LIFE INSURANCE CORPORATION OF PAKISTAN (SLIC)

IFS RATING REPORT

	NEW [NOV-17]	PREVIOUS [MAR-17]
Insurer Financial Strength (IFS) Rating	AAA	AAA
Outlook	Stable	Stable

Nov 2017



**LIFE INSURANCE
Financials [Summary]**

State Life Insurance Corporation of Pakistan (SLIC)

BALANCE SHEET	30-Jun-17	31-Dec-16	31-Dec-15
Investments			
Liquid Investments	570,636	544,958	472,738
Investment in Associates	242	242	242
Other Investments	77,989	67,177	54,774
	<u>648,867</u>	<u>612,377</u>	<u>527,754</u>
Insurance Related Assets	30,816	39,590	37,290
Other Assets	10,712	7,844	6,783
TOTAL ASSETS	<u>690,395</u>	<u>659,811</u>	<u>571,827</u>
Equity	3,909	3,948	4,229
Statutory Fund	649,824	614,177	526,676
Insurance Related Liabilities	16,490	21,340	22,465
Other Liabilities	20,172	20,347	18,458
TOTAL EQUITY & LIABILITIES	<u>690,395</u>	<u>659,811</u>	<u>571,827</u>

INCOME STATEMENT	30-Jun-17	31-Dec-16	31-Dec-15
Net Premium			
Gross Premium	33,268	90,074	80,171
Reinsurance Expense	(55)	(253)	(229)
Net Premium	<u>33,213</u>	<u>89,821</u>	<u>79,942</u>
Net Claims	(18,543)	(37,939)	(35,955)
Expenses	(10,266)	(27,584)	(26,082)
Investment Income	32,461	64,275	60,066
Excess of Income over Expenditure (EoI)	<u>36,840</u>	<u>88,513</u>	<u>77,919</u>
Miscellaneous (Expense)/ Income	0	-	-
SURPLUS BEFORE APPROPRIATIONS	<u>29,318</u>	<u>5,226</u>	<u>2,929</u>

RATIO ANALYSIS	30-Jun-17	31-Dec-16	31-Dec-15
Underwriting Results			
Gross Premium Written (GPW) Growth Rate	2%	12%	163%
Premium Mix (Individual GPW/ Total GPW)	89%	93%	93%
Presistency Ratio (Individuals Funds)	42%	78%	77%
Loss Ratio (Net Claims as %age of net premium)	56%	42%	45%
Operating Ratio [^]	12%	94%	96%
Performance			
Return on Equity - Shareholder	15%	30%	26%
Liquidity & Solvency			
Liquidity Ratio – times ^{^^}	1	1	1

[^] Operating Ratio: Loss Ratio + Expense Ratio + Reserve Ratio - Investment Income ratio

^{^^} Liquidity Ratio: Total Liquid assets / Policyholders' Liability

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**RATING SYMBOLS & DEFINITIONS:****INSURER FINANCIAL STRENGTH (IFS)
RATING SCALE & DEFINITIONS**

Insurer Financial Strength (IFS) rating reflects forward-looking opinion on relative ability of the insurance company to meet policyholders and contractual obligations.

RATING SCALE	DEFINITION
AAA	Exceptionally Strong. Exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small.
AA+ AA AA-	Very Strong. Very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small
A+ A A-	Strong. Strong capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small.
BBB+ BBB BBB-	Good. Good capacity to meet policyholder and contract obligations. Although risk factors are somewhat high, and the impact of any adverse business and economic factors is expected to be manageable.
BB+ BB BB-	Moderately Weak. Moderately weak with an uncertain capacity to meet policyholder and contract obligations. Though positive factors are present, overall risk factors are high, and the impact of any adverse business and economic factors is expected to be significant.
B+ B B-	Weak. Weak capacity to meet policyholder and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors is expected to be very significant.
CCC CC C	Very Weak. Very weak with a very poor capacity to meet policyholder and contract obligations. 'CCC': Risk factors are extremely high, and the impact of any adverse business and economic factors is expected to be insurmountable. 'CC': Some form of insolvency or liquidity impairment appears probable. 'C': Insolvency or liquidity impairment appears imminent.
D	Distressed Extremely weak capacity with limited liquid assets to meet policyholders and contractual obligations, or subjected to some form of regulatory intervention and declared insolvent by the regulator.

Outlook (Stable, Positive, Negative, Developing)

Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch

Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating Watch may accompany Outlook of the respective opinion.

Suspension

It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future, but may stay in abeyance for long. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn

A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, or c) the rating remains suspended for six months.

Disclaimer: PACRA's IFS rating does not constitute any form of guarantee of the ability of the insurance company to meet policyholders' obligations; nor does it constitute a recommendation to effect or discontinue any policy of insurance. PACRA's rating is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

