The Pakistan Credit Rating Agency Limited

PRESS RELEASE

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Applicable Criteria

- Assessment Framework | Life Insurance | Mar-25
- Methodology | Rating Modifiers | Apr-25

Related Research

- Sector Study | Life Insurance | Jun-25

PACRA Maintains IFS Rating of 5th Pillar Family Takaful Limited

Rating Type	IFS	
	Current (18-Aug-25)	Previous (20-Dec-24)
Action	Maintain	Maintain
IFS Rating	A+ (ifs)	A+ (ifs)
Outlook	Stable	Stable
Rating Watch	-	-

Pakistan's life insurance segment is primarily dominated by the public sector, holding ~61% market share as of CY24, while the private sector accounts for ~39%. The industry's GPW stood at ~PKR 434bln during CY24 (CY23: ~PKR 404bln), reflecting a YoY growth of ~7%. The industry's bottom line was supported by robust investment income of ~PKR 467bln during CY24 (CY23: ~PKR 292bln), representing a YoY increase of ~60%, which contributed to improved Profit After Tax (PAT) of ~PKR 23bln in CY24 (CY23: ~PKR 20bln). Going forward, the overall outlook for the industry remains stable.
The rating of 5th Pillar Family Takaful Limited ("5th Pillar" or "the Company") is supported by the Sponsor's stable financial standing, underpinned by a diversified portfolio of businesses in both local and international markets. Operating in the family takaful segment, the Company has an emerging profile and a distinctive business model that integrates commercial viability with religious principles. The Company generates revenue from individual family takaful plans (~63%), along with group family takaful plans (~37%). Its product portfolio also includes targeted savings plans, such as those for Hajj and Umrah, children's education, and marriage, primarily catering to the lower-middle and middle-income segments of society. During CY24, the Company witnessed a substantial uptick in its topline reported at ~PKR 560mln (CY23: ~PKR 180mln), a YoY increase of ~211%, due to the impact of individual takaful plans that were launched in the latter half of CY23. This increase in topline trickled down and resulted in improved underwriting results. The Company is investing in digitalization by developing a mobile application 'Niyat' for the underwriting of business and policyholder management. This would enhance customer experience, enabling the Company to improve retention. During CY24, the investment income of ~PKR 300mln is primarily supported by returns on debt security, which continues to contribute positively to the bottom line. However, inflated administrative expenses led to a loss at the net level. From a financial risk perspective, the Company maintains a stable liquidity profile backed by an effective claims management framework. However, the shareholders' equity eroded due to accumulated losses. The paid-up capital of the Company remains in line with the updated minimum capital requirement issued by SECP. Continued Sponsor support and the presence of a strong reinsurance partner provide additional comfort to the ratings.
The ratings are dependent on the continued support and guidance from the key Sponsors. The successful unfolding of the model is of absolute necessity. The equity of the Company needs to be kept liquid and in safe investment avenues.

About the Entity
5th Pillar Family Takaful Limited ("5th Pillar" or "the Company") was incorporated in Mar-20 as a public unlisted company. The Company operates in the Family Takaful / Life Insurance business. The Company is a joint venture between businesses from Kuwait and Pakistan. A major stake of ~41.75% is held by Kuwait International Investment Holding Company, supported by ~26.25% held by 5th Pillar Holdings Limited and ~32% by Muhammadi Family & Associates. The Sponsors possess diversified experience in local and international investment and asset management services. The Company's Board is chaired by Mr. Saleh Saleh Naser Al-Selmi. While Mr. Nasar us Samad Qureshi serves as the Company's CEO. He is assisted by a team of experienced professionals.

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