



# Analyst Briefing

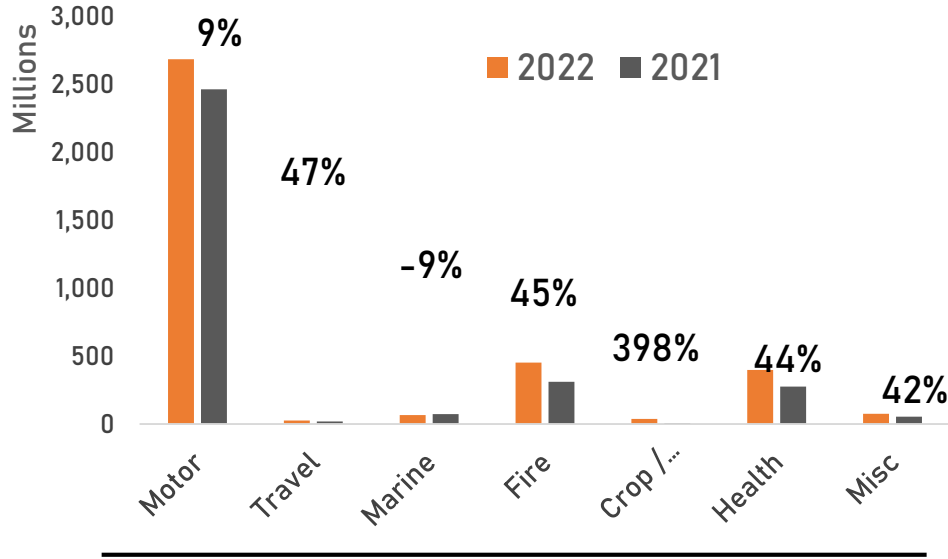
**Dated: 17<sup>th</sup> March 2023**



# Business Updates

# TPLI has gradually diversified its portfolio and achieved a 16% in the year 2022 with significant growth in digital travel segment and corporate lines of business

PREMIUM GROWTH

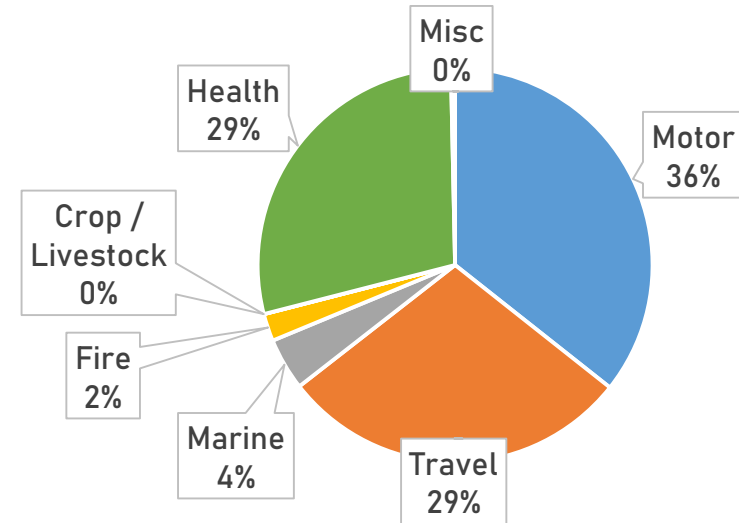
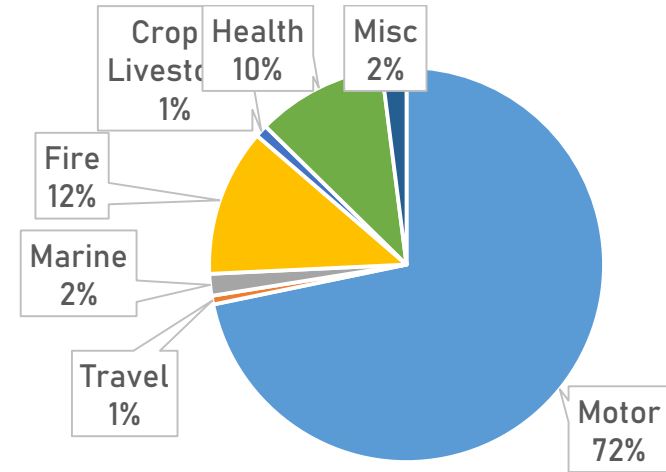


POLICY GROWTH

The number of policies now presents a widely diversified portfolio

Customer data being churned to improve cross sell of various retail products

Digital assets contributing to cross sell of different products to existing clients

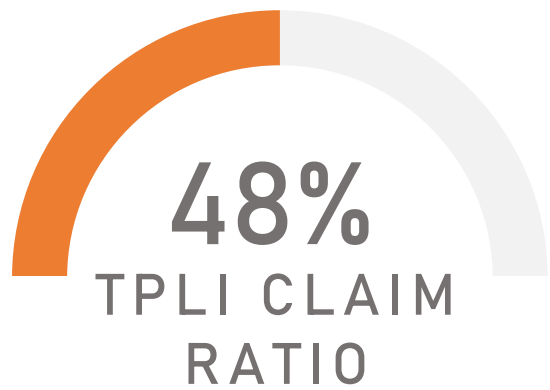


PREMIUM COMPOSITION

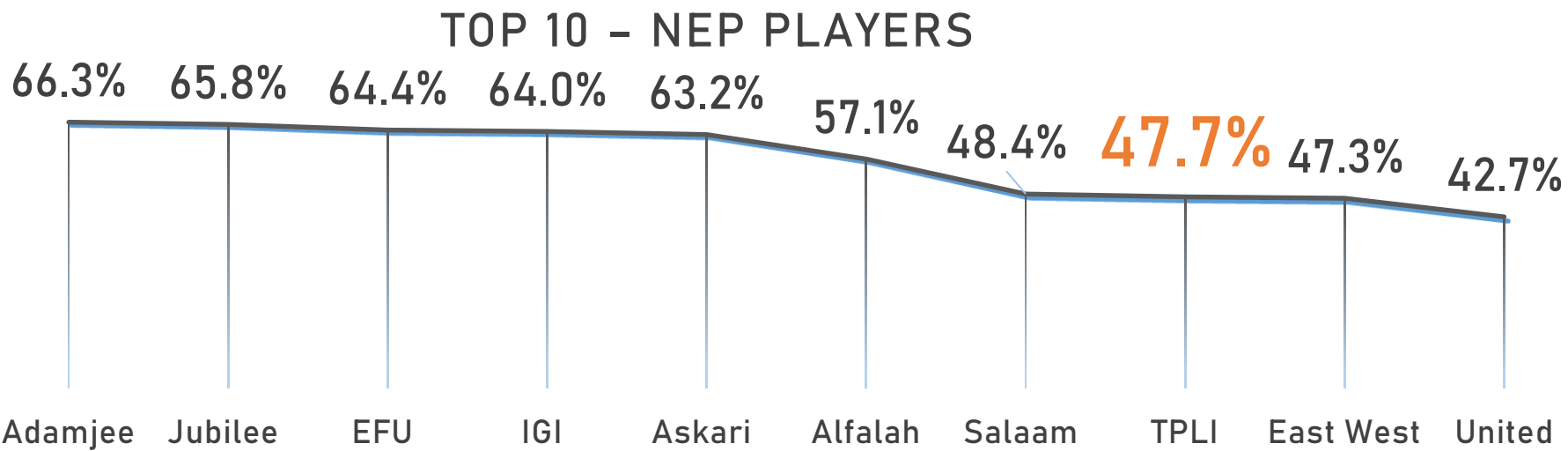
POLICY COMPOSITION

Premium Growth

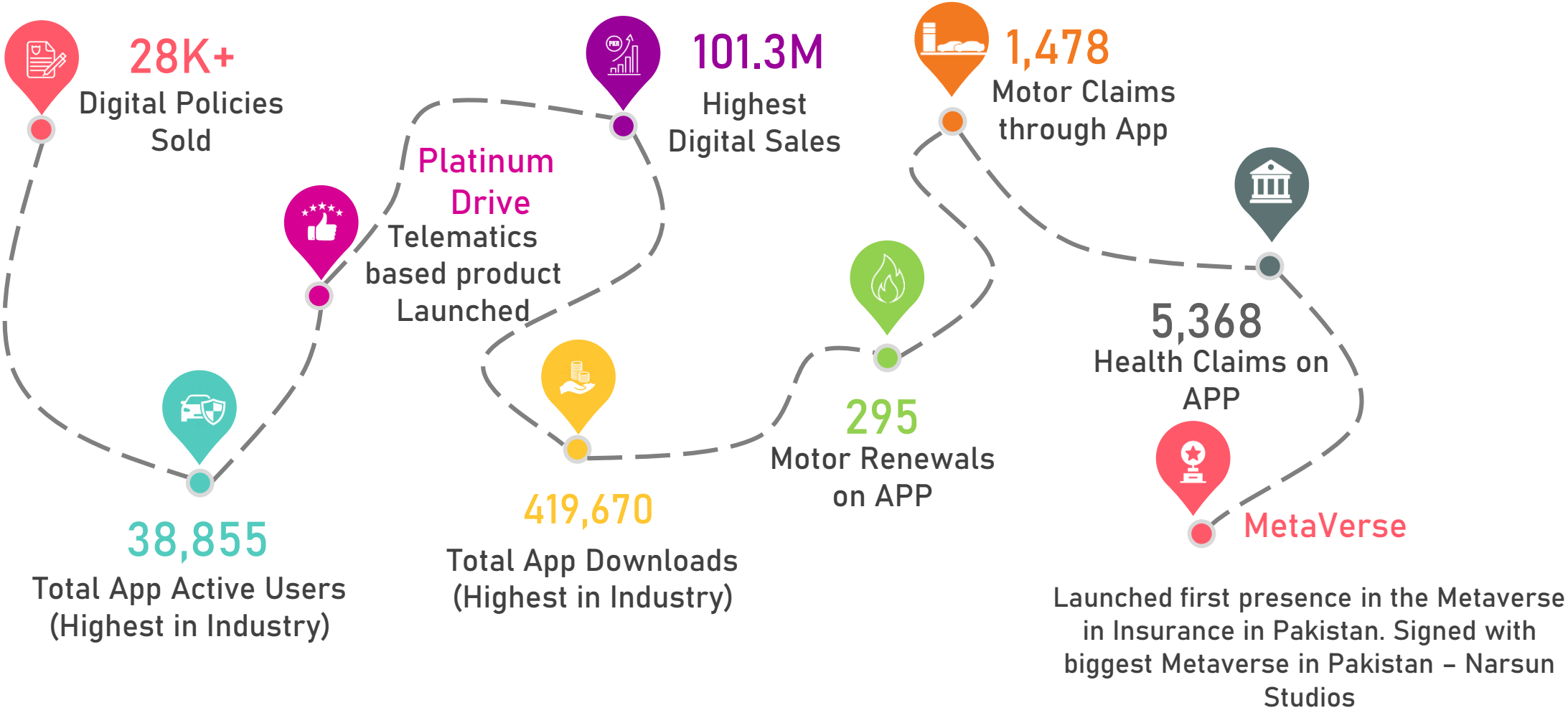
Despite significant inflationary impact and competitive market pricing, claims ratio maintained at one of the lowest in industry



Industry Claim Ratio




# Some noteworthy achievements recorded during the year on digitization adoption which enhanced digital brand value and customer portfolio of TPLI




Digital Achievements

As a market disruptor, TPLI took initiatives for product development and new insurance market development


## NEW PRODUCT INITIATIVES



**PLATINUM  
DRIVE  
TELEMATICS**



**BNPL (BUY  
NOW, PAY  
LATER)**



**DOMESTIC  
TRAVEL**



**SMART RIDE  
BIKE  
INSURANCE**



**WOMEN  
SHIELD  
PRODUCT**

## MARKET DEVELOPMENT INITIATIVES



**STUDENT  
AMBASSADOR  
PROGRAM**



**MOTORWAY  
INSURANCE**



**BUS TRAVEL  
INTEGRATION**



**PAKISTAN'S  
FIRST YIELD  
BASED CROP  
INSURANCE**



**2,000+  
LIVESTOCK  
INSURANCE**

Ongoing Initiatives



# Financials

# Market Development - YTD Dec 2022

- PKR depreciated 27% during the year at Rs. 224.14 per USD (31<sup>st</sup> Dec 2021: Rs. 176.5 per USD).
- Discount rate was increased from 9.75% at December 2021 to 16.00% at the end of December 2022.
- PSX index dropped from 44,416 as of Dec-21 to 39,747 at the period ending Dec 31, 2022.
- With monetary policy tightening, increase in vehicle prices and limits on auto financing, auto insurance fresh business from Banks is expected to shrink.
- Auto sector import restriction 60% YoY. Auto manufacturers are closing down production for 10 to 15 days each month due to lack of material inputs which are imported
- Marine business is under pressure due to decrease in Imports/Exports.
- Opportunity to increase net sum insured in property & auto business.
- Due to dollar rate fluctuation and close monitoring by SBP, challenges faced in reinsurance remittances and Fac placements in PKR.
- Auto sales has dropped from 198,930 (Jan to Dec 2021) to 188,318 (Jan to Dec 2022) as per PAMA.



# Company Updates – Equity Injection & IFS Rating

As reported in the first quarter report, the Company entered into a Share Subscription Agreement and a Shareholders Agreement with **FinnFund**, a major development financier and impact investor, investing in responsible and profitable businesses in developing countries.

- The said agreement has concluded during the year and the Company has received capital injection of Rs. **625.4 million** from FinnFund equivalent of **USD 3m** against **17.02%** of equity share.
- DEG, a German financing institution invested in equity LY equivalent to **USD 3m**, holds **15.82%** equity in the company.
- As a result, the Company's shareholders' equity has increased to **PKR 2billion** during the year.
- PACRA rating maintained at **AA** as announced on 7<sup>th</sup> May 2022.
- Treaty structure along with increased limits;
  - Fire from 1.05bn to **1.26bn**.
  - Engineering from 250m to **300m**
- Authorized capital increased from Rs. 1.5billion to Rs. 2.5billion.
- Interim Bonus shares/Stock Dividend (i.e. 35 %) already issued as per the resolution passed by the Board of Directors in its meeting held on October 20, 2022.

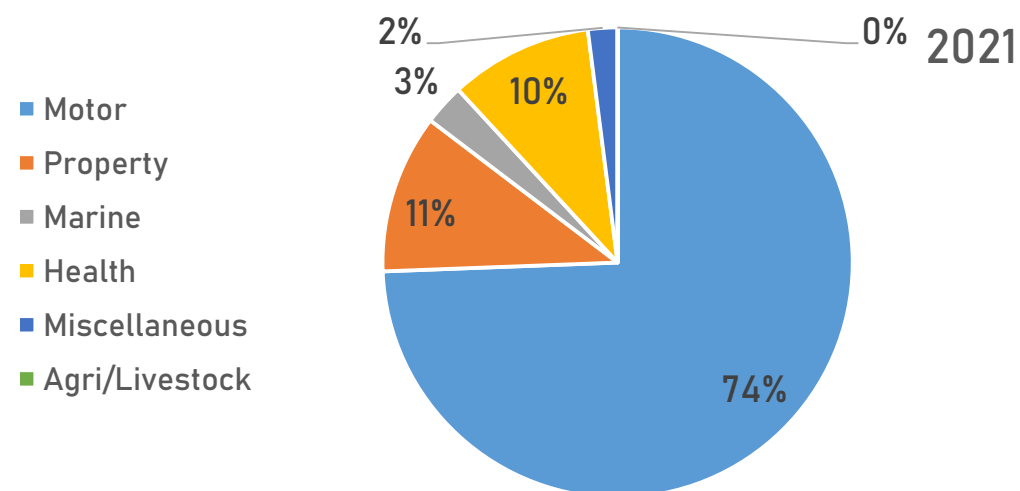
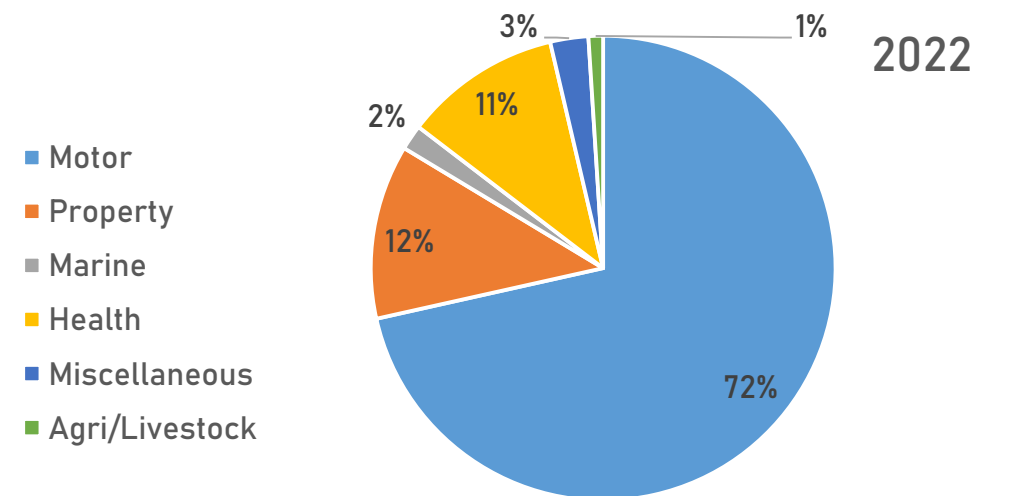
# Financial Results – YTD 31<sup>st</sup> December 2022

PKR (m)	TPL INSURANCE LTD		
	Actual	PY	D PY
GWP	3,823	3,284	539 16%
NEP	2,970	2,397	573 24%
Net Claims	(1,415)	(1,112)	(303) -27%
Net Commissions	(269)	(221)	(48) -21%
Management Expenses	(1,100)	(949)	(151) 16%
<b>UW Results</b>	<b>186</b>	<b>115</b>	<b>71</b> <b>62%</b>
Investment / Other Income	147	111	36 33%
Other Expenses	(268)	(231)	(37) 16%
<b>Business Operating Profit</b>	<b>65</b>	<b>(5)</b>	<b>70</b> <b>n.m.</b>
<b>Total Loss Ratio</b>	<b>48%</b>	<b>46%</b>	<b>1%</b>
<b>Net Commission Ratio</b>	<b>9%</b>	<b>9%</b>	<b>0%</b>
<b>Management Expense Ratio</b>	<b>41%</b>	<b>46%</b>	<b>-5%</b>
<b>Combined Ratio</b>	<b>103%</b>	<b>105%</b>	<b>-2%</b>

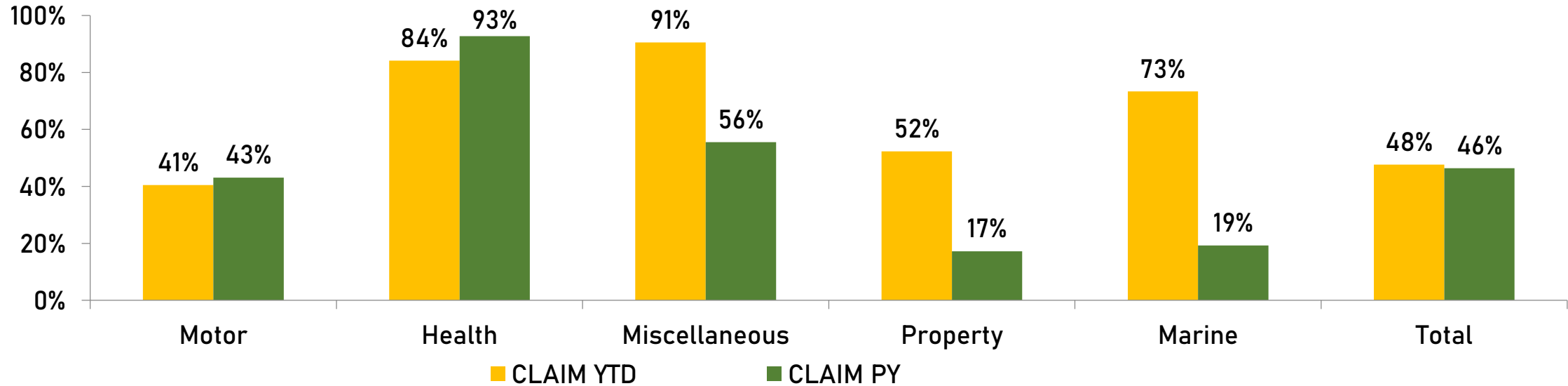
- ❖ **GWP** increased by 539m (16%) YoY has been reported.
- ❖ YTD **NEP** reported at Rs. 2,970m increased by Rs.573m (24% YoY).
- ❖ **Overall Claim ratio** increased by 2% YoY. Claim ratio for motor reported at 41%(43% LY), while health portfolio reported at 84%(93% LY). Overall impact of **flood related losses** included in claims is Rs. 21m net of recoveries.
- ❖ **Overall Expenses** have reported at Rs. 1,368m. Expenses reported increase of Rs. 188m as against last year. Staff cost increase by Rs. 107m and Marketing by Rs. 87m. GWP per employee increase from Rs.10m to Rs.11m
- ❖ **Investment / Other income** included impact of one off equity losses of Rs. 60m and unrealized loss of Rs. 33m mainly due to market fluctuations. Other income increased by Rs. 35m YoY.
- ❖ YTD **Profit Before Tax** of Rs. 65m compared to PY loss before tax of Rs. 5m.
- ❖ Had there been no **flood related losses**, YTD profit before tax would have been Rs. 86m.

# GWP BY CLASS OF BUSINESS - YTD DECEMBER 2022

Class of Business	Actual	Prior Year	Var	%
Motor	2,765	2,537	228	9%
Property	451	313	138	44%
Marine	66	76	(10)	-13%
Health	397	276	121	44%
Miscellaneous	111	82	29	35%
Agri/ Livestock	33	0	33	
<b>Total GWP</b>	<b>3,823</b>	<b>3,284</b>	<b>539</b>	<b>16%</b>



## Claim Ratio Analysis - Dec 2022



- ❖ YTD claim ratio for motor improved by 2% at 41% (mainly due to salvage recoveries) vs PY.
- ❖ Flood related motor claims – net Rs. 10 million during the year.
- ❖ Health claim ratio improved by 9% at 84% vs LY.
- ❖ Misc claim ratio increased by 35% vs LY mainly due to flood related claims of Rs. 11m net.
- ❖ Property and engineering claim ratio increased by 35% YoY.
- ❖ Marine claim ratio increased by 54% YoY.
- ❖ YTD Claim ratio increased by 2% YoY.

# FUTURE OUTLOOK - 2023

- The Company looks to continue on the **path of innovation** and disruption with **customer centric solutions** that deliver customer needs and surpass customer expectations.
- We are continuously expanding our existing product base and improving customer experience with **tech driven solutions** such as of advanced telematics, wellness solutions and 'Buy Now Pay Later' offering.
- These solutions will further cement our position as an **Insurtech leader** with improved digital footprint, advance risk management via customer profiling and price optimization.
- The Company also looks forward to offer more **lifestyle products** such as extended warranty for appliances and gadgets, event insurance, art covers etc. to deliver convenience along with protection to its customers.
- We realize the importance of **micro segment** in our country and our efforts to develop the agriculture segment are appreciated by our partners, regulator and customers.
- Our initiative of launching Pakistan's first **yield based crop insurance** is well received by all quarters and we foresee agriculture insurance developing into mainstream revenue segment when it grows to its full potential.
- Our **corporate lines segment** is delivering growth and we anticipate a sustainable growth trajectory build upon prudent underwriting and risk management.
- The multi-channel, multi-product **diversification strategy** of the Company has resulted in low dependence on any particular segment which will assist the company is achieving sustainable growth despite economic challenges.
- Owing to current economic challenges fresh auto business might be impacted however, company is focusing on **renewal portfolio** to enhance customer service and retention.

# Disclaimer

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