



TPL Insurance Limited

Analyst Briefing

Dated: 26th September 2023

Market Updates - YTD June 2023

- PKR depreciated 27.6% during the six month period at Rs. 286 per USD (31st Dec 2022: Rs. 224.14 per USD) with further devaluation post period end challenging the insurance market on;
 - Inflated Claims costs through out policy periods
 - Maintaining expense ratio
 - Making reinsurance payments abroad
- Volumes of auto industry are down by 51%, marine business is also affected due to strict fiscal and exchange measures
- Opportunities to increase premiums due to revaluation of assets mainly in the corporate segment
- Pakistan's Insurance industry is struggling in arranging Reinsurance capacities mainly because of;
 - International pressures on reinsurance business due to global losses,
 - Losses reported in Pakistan's Insurance Industry in past 2 years resulting in tightening on coinsurance business
 - Capacities are available in PKR and have not increased with PKR devaluation whereas sum insured values of insurable risks have increased significantly
- New product development and digitization is being encouraged by the regulator to improve insurance literacy and adoption in Pakistan

Motor Retail Segment

How decline in auto industry impacting our business?

Auto Industry Sales – HY22 vs 23

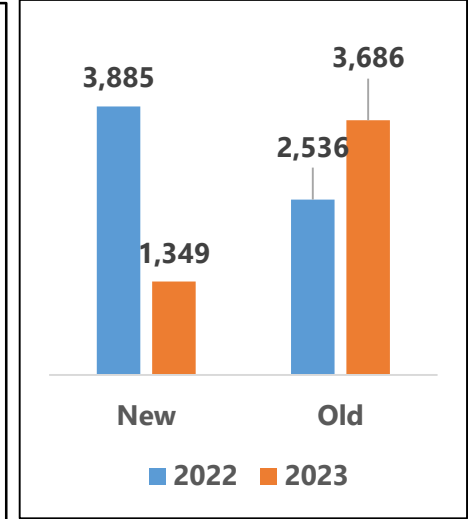
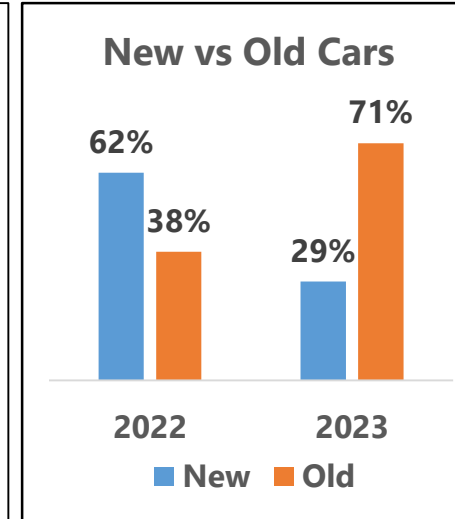
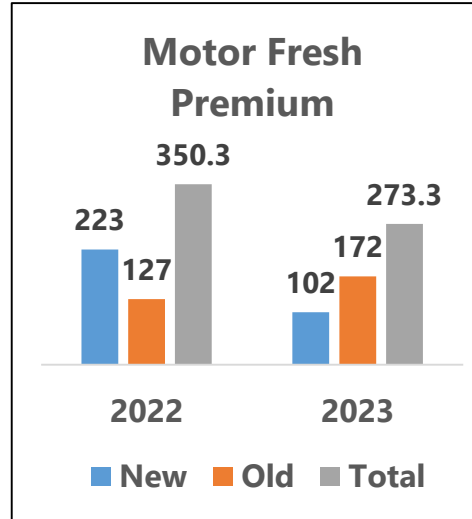
CARS - 77%

Honda	-78%
Toyota	-75%
Suzuki	-78%
Hyundai	-52%

SUVs / LCVs - 38%

BIKES - 37%

Auto industry is overall **51%** down due to import curbs, high KIBOR & PKR devaluation



Comments:

1. Auto industry volume shrunk by 51% impacting TPLI retail segment by 37%
2. TPLI is focusing on old cars and as a result 71% volume came from old cars vs 38% in HY2022
3. Number of old cars increased by over 40% (compared to HY22)
4. Average sum insured of old cars have increased by 21% & of new cars increased by 59% (compared with HY22)

Banks

How are we diversifying our business with Banks?

Decline in Auto Financing (HY22 vs HY23)

# of Units	- 77% ↓
Financing Amount	- 73% ↓

Source: Financing by banking industry

Renewal of Portfolio

Renewals target is achieved @ over 100% and we are in discussion with banks for other rollover portfolios

Sum Insured Revision

Revising sum insured for FIG customers after concurrence with banks – PKR 16 million and campaign is ongoing.

New Auto Relationships

Auto Financing portfolio	- PKR 2.3million
Commercial Vehicles	- PKR 2 million

New Products with banks (*concluded*)

Cyber Liability	- PKR 26million
Fixed Assets & Plastic Cards	- PKR 1.5million
Account Holder Health	- PKR 12 million
Wallet Insurance	- PKR 14 million

Agreements in pipeline

- Solar, Bike and Mobile
- Personal Cyber
- Card Alliances

Business Solutions

Leveraging new channels to grow the business?

Agri Insurance

- Launched Pakistan's 1st Cattle Insurance based on Cattle Fattening Model with an AMC. In the first phase, **650 animals** were insured with TPL Insurance.
- Reactivated **Tractor Insurance** through an Islamic bank and expanding it to other banks. Profitable segment with loss ratio of less than 10%
- Generated PKR 10 million in **CLIS**
- Launched **2nd pilot for Area Yield Index Insurance** with (PKR 19m)
- **AYII of Private Farm** – PKR 5m.

Broker Business

- Expanding our relationship with brokers; resulting in **50% growth** in Fire Business YOY
- Increased our Motor portfolio and on track on achieve higher than budgeted numbers

Challenges:

- Excused Health accounts (PKR 80mn premium) because of high losses.
- Focusing on Small and Medium Health Accounts; resulting in a better loss ratio (approx. 80%)
- Treaty limits revised downward for CI business resulting in reduced capacity to underwrite risk

Digital Hub

How are we using technology to achieve our business goals?

Won 2 Prestigious awards by Pakistan Digital Awards

- Best Mobile App 2023
- Best Insurance tech 2023



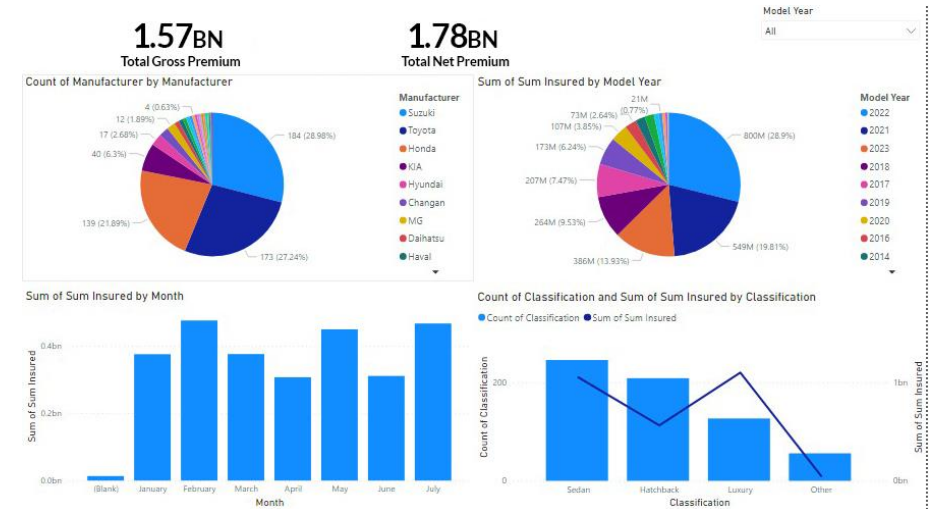
Revamped Website

- New UI & Theme
- Updated Content
- Heat Mapping
- Increased User Tracking
- SEO Optimization
- New FAQs

Data Science Analytics

New avenue for informed decision making to target customers by understanding & profiling through:

- Make / Model of vehicle
- Retention Potential
- Claims probability
- Travel History
- Family details



CORPORATE BRAND

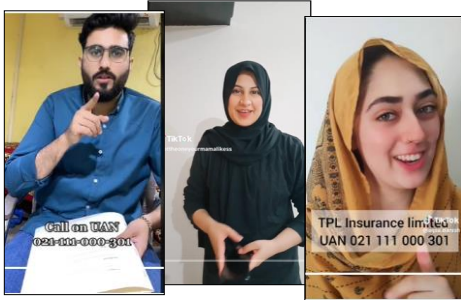
Creating visibility across all channels.

HIGHEST PERFORMING PR (TO DATE)
TPL INSURANCE (WTO) EMAAN ISLAMIC BANK

TIKTOK CAMPAIGN

CAMPAIGN OVERVIEW

- TOTAL VIDEOS – 18
- TOTAL VIEWS - 229,671
- AVG COST/VIEW – 0.50



PEOPLES' BUS BRANDING

VIEWERSHIP 89,225,000



CAMPAIGN OVERVIEW

- AD VALUE – 1,035,675
- PR VALUE – 3,107,025

CLIMATE ACTION

Auto.

Keep your car safe from **rain damage!**
If your car stops or shuts down in the rain...

Rain Tips for Motorcyclists

- Wear helmet, jacket and gloves
- Plan your route
- Avoid standing water
- Drive slow and carefully



18 YEARS



THOUGHT LEADERSHIP



EXPRESS TRIBUNE – CEO PODCAST

MORNING SHOW - CEO

CXO RADIO SHOWS

International Female Ride Day





Financials

Company Updates- YTD June 2023

- PACRA rating maintained at **AA** as announced on 5th May 2023.
- 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.
- Board has announced an interim dividend during 3rd quarter 2023 @ 30%

Financial Results – YTD 30th June, 2023

PKR (m)	TPL INSURANCE LTD		
	Actual	PY	D PY
GWP	1,976	1,808.0	168 +9%
NEP	1,546	1,423.8	123 +9%
Net Claims	(722)	(691)	(31) -4%
Net Commissions	(154)	(123)	(31) -25%
Net Management Expenses	(620)	(547)	(73) -13%
Net UW Result	50	63	(12) -20%
Other Expenses	(150)	(134)	(16) -12%
Investment / Other Income	228	6	222 +37x
Business Operating Profit	128	(65)	194 n.m.
Total Loss Ratio	47%	49%	-2%
Net Commission Ratio	10%	9%	1%
Management Expense Ratio	40%	38%	2%
Other Expense Ratio	10%	9%	0%
Combined Ratio	106%	105%	1%

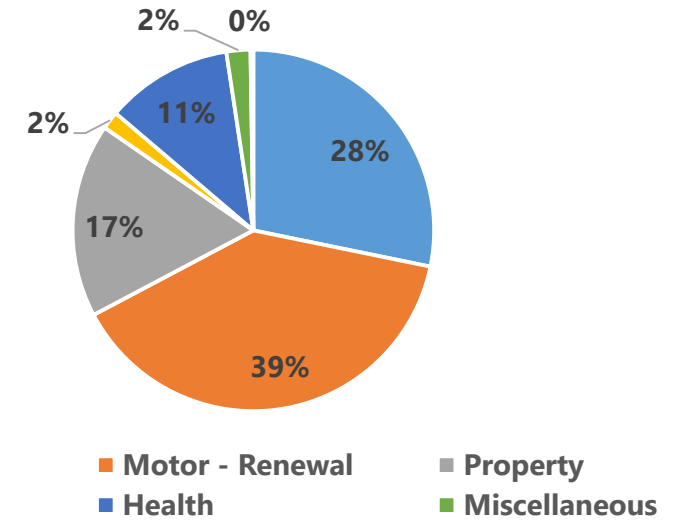
- **GWP** increased by 168m (9%) YoY.
- YTD **NEP** reported at Rs. 1,546m increased by Rs.123m (9% YoY).
- **Overall Claim ratio** decreased by 2% (Rs.31m) YoY. Claim ratio for motor reported at 43%, while health portfolio reported at 92%.
- **Overall Expenses** have reported at Rs. 770m. Expenses reported increase of Rs. 89m(13%) as against last year.
- **Investment / Other income** reported increase of Rs. 222m YoY. Mainly due to cash dividend of Rs. 33m and increased in discount rates.
- YTD **Profit Before Tax** of Rs. 128m compared to PY loss before tax of Rs. 65m.

GWP BY CLASS OF BUSINESS – YTD June 2023

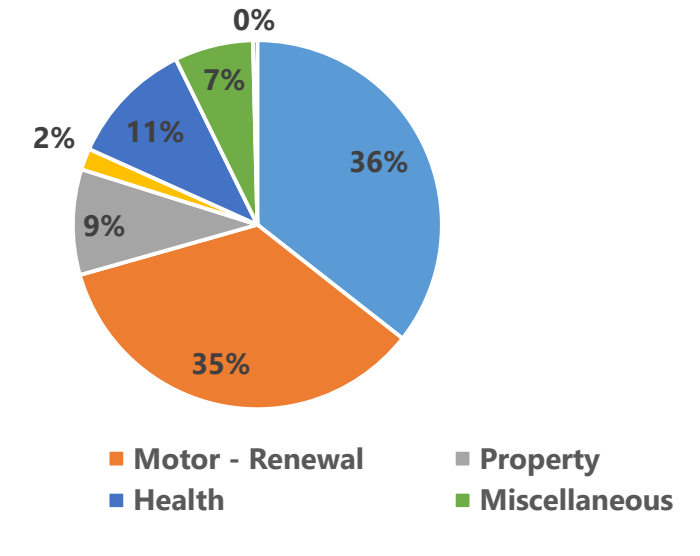
(Rs in million)

Class of Business	Actual	Prior Year	Var.	%
Motor - Fresh	558	697	(138)	-20%
Motor - Renewal	772	633	139	22%
Property	341	190	151	80%
Marine	32	30	2	5%
Health	225	213	12	6%
Miscellaneous	30	26	4	17%
Agri/ Livestock	17	20	(3)	-14%
Total GWP	1,976	1,808	167	9%

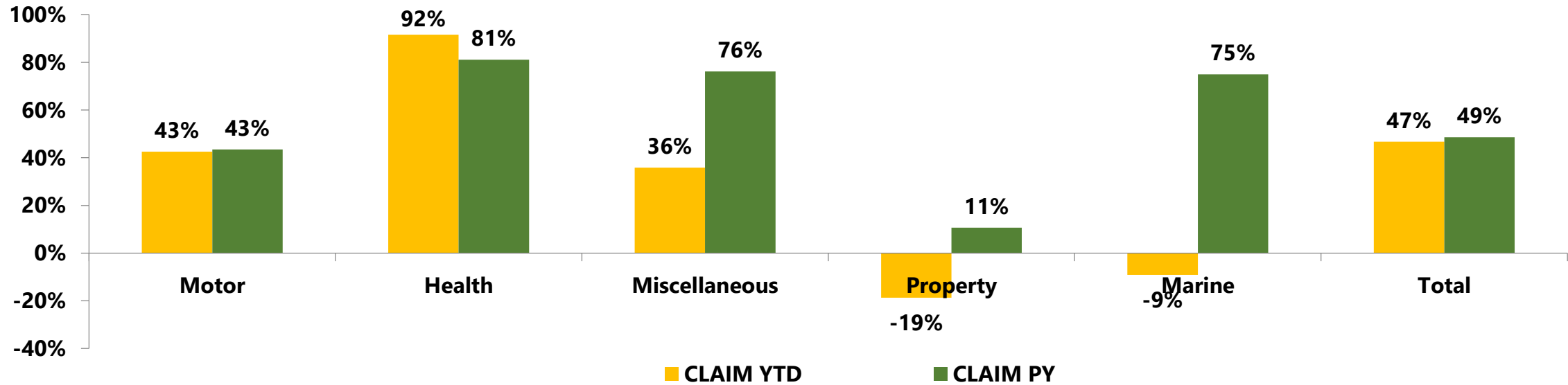
Actual YTD



Budget YTD



Claim Ratio Analysis – Jun 2023



- Motor Claim ratio remained inline compared to LY.
- Health claim ratio increased by 11% as compared to LY, mainly due to high frequency in claims.
- Misc claim ratio decreased by 40% as compared to LY at 36%
- Property claim ratio at -19%. Mainly due to adjustments in claims reserves and recoveries.
- Marine claim ratio at -9%. Due to adjustments in claim reserves.
- YTD overall Claim ratio decreased 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.

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