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Analyzation Of Financial Performance of Sector-Wise Life Insurance Companies of Pakistan: (With Special Reference to Public Sector and Private Sector Life Insurance Companies of Pakistan)

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Abstract
This study is looking at the life insurance market in Pakistan, especially the financial performance based on net premium growth of the top companies in the market. Public and private sector enterprises are the primary actors being targeted. The data for this study came from the financial reports of different public and private sector firms, as well as the financial statements analysis of financial sector 2017-2023 released by the statistics & DWH department, state bank of Pakistan - SBP. Inductive research is the research approach employed here, which implies that data is acquired first, and then a conceptual framework is constructed based on the collected data. This framework aided in the creation of a financial model, which was subsequently evaluated using regression analysis. The research intends to acquire insights into the financial performance of the life insurance business in Pakistan and how the major participants, both in the public and private sectors, have performed based on net premium growth from 2017 to 2021 by analysing these important variables. The regression analysis is most commonly used to identify links and patterns between variables, allowing for a better knowledge of the industry's dynamics and the elements that influence its financial performance.

Keywords: Public sector Life insurance, Private Sector Life insurance, SLIC, JLI, EFU, Net Premium, Net Assets, Investment Income, Net Claim, Underwriting Profit

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Background of the Research Study

Risk management and supporting financial stability in economies are both made possible by insurance. It entails the exchange of a risk premium for the transfer of potential loss from one entity to another. Specialized financial services are provided by insurance companies, which also raise money for long-term investments by underwriting risks and collecting premiums. Their capacity to absorb risk encourages financial market stability and gives businesses a sense of security (Puławska, 2021). In the unstable and ever-changing global economy of today, insurance is crucial for ethical business practices. It enables economic agents to transfer and distribute risks, allowing them to confidently participate in a variety of transactions. Particularly in nations with limited financial penetration, like Pakistan, life insurance plays an essential role as a source of institutional investments and long-term savings (Iminova & Khamitov, 2022). Insurance firms must be able to make a profit and add value for their shareholders in order to function efficiently and remain competitive. Their ability to successfully handle problems like competition and development possibilities is essential to their long-term success. As it gradually expands its impact across numerous sectors, the growth of the insurance industry is directly associated with that of a nation's economy. Both a financial and a legal definition of the word "insurance" are possible (Zhou et al., 2020). In terms of money, it entails the redistribution of expenses related to unforeseen losses by the collecting of modest premium payments from many people, which are subsequently applied to compensating those who suffer losses. Legally, insurance is a contract where one party undertakes to make up for another's losses and has specific obligations outlined in the contract (Denuit et al., 2021). This emphasizes how crucial effective management is for insurance businesses to boost their bottom line. Insurance firms can improve their operations and overall success by knowing the business areas that need attention and improvement (Segovia-Vargas et al., 2015). In fact, insurance plays a critical role in improving risk management and financial stability within the financial system. It helps economic entities deal with uncertainty, encourages savings and investments, and contributes to a nation's total economic growth. Key elements in the success of insurance companies include effective management and a focus on financial performance (Puławska, 2021). Previously, risk management was frequently handled through informal agreements within a specified community. For example, if a barn fire destroyed a herd of milking cows, the community would band together to repair the barn and provide the farmer with enough cows to refill the milking stock. The insurance sector eventually formalized this cooperative approach (Zhou et al., 2020). The concept of insurance experienced substantial alterations during the 17th century, and life insurance was created. An insurer is a company that assumes risk and promises to pay a policy benefit if a loss happens. The insured is the person or group whose life is protected by a life insurance policy. Life insurance policies, in addition to providing coverage in the case of a loss, provide other benefits. Individual insurance policies purchased might also provide a maturity benefit (Chen, 2008). Life insurance is a long-term coverage with yearly premium payments. The insurer contributes a percentage of the premiums to the protection pool, which offers compensation for losses experienced by

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the insured or their family. Another portion of the premiums is given to the insurer-managed investment pool. When the insurance is surrendered or matured, the invested contributions are refunded to the policyholder (Dafny, 2019). Individuals can use this framework to safeguard themselves and their families from financial hazards while also having the possibility for long-term savings and investment growth. Individuals and families can use life insurance policies to manage financial risks because they provide both protection and possible profits (Wang et al., 2016). The significant role of the insurance sector in a country's financial performance, growth in the economy, and industrialization. The sector of insurance is critical in providing effective financial assistance, channeling funds, optimizing resource utilization, and ensuring investors are treated fairly. It functions as a fund regulator, directing funds to various businesses and helping to economic and financial growth (Hsieh & Lin, 2018). Insurance is a risk-transfer procedure that provides protection against future uncertainties as well as financial aid to reduce the risks associated with human life and property. It is an agreement between insurance firms and policyholders that covers various risks based on the needs and wants of the policyholder (Regis, 2017). Insurance stretches back to early human civilization, when risk sharing was popular to assist one another in times of loss or misfortune.

Insurance is widely available in today's globalized society and plays an important role in decreasing the risk burden on individuals and organizations. It aids in the management of uncertainty and is necessary for financial stability. While Pakistan's insurance industry is not as significant as that of other developing countries, it has the potential to affect the country's GDP (Glonti, 2023). Takaful (Islamic insurance) and regular insurance are the two main types of insurance in Pakistan. These subcategories are further subdivided into life insurance and non-life insurance. To distribute the risk, reinsurance activities are also carried out. Fire, motor, marine, aviation, travel, health, cash in transit, cash in safe, life, personal accident, and miscellaneous insurance are all available through the insurance industry (Fang & Kung, 2018). The necessity for insurance is higher in metropolitan regions than in rural areas. In Pakistan, there are now 47 insurance firms offering insurance services. There are 37 businesses that specialize in non-life insurance, one that specializes in reinsurance, and nine that specialize in life insurance, including family Takaful, which is a new addition (Fricke, 2019). Insurance plays a vital role in managing risk and promoting financial stability in economies. It involves the transfer of potential loss from one entity to another in exchange for a risk premium. Insurance companies offer specialized financial services that underwrite risks and mobilize funds through premiums for long-term investments. Their ability to cover risks promotes stability in financial markets and provides a sense of security to economic entities (Shkolnyk et al., 2019). In today's ever-changing and uncertain global economy, insurance is essential for sustainable business practices. It enables economic agents to transfer and disperse risks, allowing them to engage in various transactions with confidence. Life insurance serves as a crucial source of savings and long-term institutional investments, especially in countries with low financial penetration like Pakistan (Hassan, 2022). For insurance companies to operate effectively and remain competitive, they must be

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able to generate profit and create value for their shareholders. Successfully addressing issues such as competition and growth opportunities is crucial for their long-term success. The development of the insurance business is closely correlated with the economic growth of a country, as it gradually extends its influence across various sectors (Kbiltsetskhlashvili & Mamedova, 2017). The term "insurance" can be defined both in financial and legal terms. Financially, it involves the redistribution of costs associated with unexpected losses through the collection of small premium payments from many individuals, which are then used to compensate those who experience actual losses. Legally, insurance is a contractual arrangement where one party agrees to compensate the losses of another, with clear rights, duties, and obligations outlined in the contract (Loacker, 2015). Insurance is a crucial component of the financial system, promoting risk management and financial stability. It enables economic entities to navigate uncertainties, fosters savings and investments, and contributes to the overall economic development of a country. Efficient management and a focus on financial performance are key factors in the success of insurance companies (Konopleva et al., 2021)

Problem Statement

Financial management is an important instrument for analyzing profitability and achieving the objective of increasing the owner's wealth. It is thought to be a good predictor of performance (Ngoyen 2006). The financial reports of two prominent life insurance segment in Pakistan, that is the public sector life insurance company – State Life Insurance Corporation (SLIC) and rest the prominent Private sector life insurance companies' life EFU Life, Jubilee Life, etc. is going to investigate from 2017 to 2021 to see is there any growth in financial success in a developing the economy of Pakistan (Dodds, 2017). Insurance, in its most basic form, has been a component of human civilizations since ancient times, even before modern money systems and financial tools were developed. People relied on mutual aid and cooperation to reduce risks and recover from losses in non-monetary or natural economies where traditional trading methods and communal support dominated. Insurance in these societies took the form of communal assistance, with members of the society banding together to assist one another in times of need. For example, if someone's house burnt down, the community would pitch in with resources and labor to help build a new one. If another member encountered a similar disaster, the same level of assistance would be expected in return. The current research study highlights the importance of efficient management in insurance companies to improve their financial performance. By understanding the business aspects that require focus and improvement, insurance companies can enhance their operations and overall success

Global History about the Life insurance

Insurance, in its most basic form, has been a component of human civilizations since ancient times, even before modern money systems and financial tools were developed. People relied on mutual aid and cooperation to reduce risks and recover from losses in non-monetary or natural economies where traditional trading methods and communal

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support dominated (Taha, 2016). Insurance in these societies took the form of communal assistance, with members of the society banding together to assist one another in times of need. For example, if someone's house burnt down, the community would pitch in with resources and labor to help build a new one. If another member encountered a similar disaster, the same level of assistance would be expected in return (YOSHIDA & TSURUTA, 2012). This type of insurance was founded on trust, social relationships, and a sense of obligation to one's neighbors. It was a method of distributing and sharing the risk load among community members, providing them with a safety net in times of misfortune. Even today, comparable informal insurance practices may exist in some locations or groups where modern money economies and financial tools are not widely used. To cope with risks and losses, individuals in these locations rely on social networks and communal bonds (Bernhardt, 2003). As cultures and economies advanced, formal insurance institutions arose to address increasingly complex risks and serve greater populations. Contracts, premiums, and precise terms and conditions underpin these formal insurance systems. However, regardless of whether insurance is practiced in ancient, community settings or through contemporary insurance corporations in money-based economies, the basic notion of risk-sharing and protection against uncertainty remains a vital feature of insurance (Chang & Lee, 2020). Health and life insurance have their roots in ancient civilizations such as the Greeks and Romans. Around 600 A.D, they formed guilds known as "benevolent societies" that helped members' families and covered burial expenses when they died. "Friendly societies" existed in England prior to the formation of official insurance in the late 17th century. People would donate money to a common fund, which would then be utilized for emergencies or to help members in need. In post-Renaissance Europe, insurance got increasingly complex, resulting in the emergence of specialized insurance kinds. In 1732, Charles Town (now Charleston), South Carolina, formed the first insurance firm in the United States, which underwrote fire insurance. Benjamin Franklin was instrumental in popularizing and standardizing insurance practices, notably perpetual fire insurance. In 1752, he established the Philadelphia Contribution-ship for the Insurance of Houses from Loss by Fire, which not only offered insurance but also helped to fire prevention efforts by warning about potential fire dangers and refusing to insure high-risk structures (Bourgeon & Picard, 2000). Insurance regulation in the United States is mostly handled by individual state insurance agencies, resulting in a highly fragmented regulatory framework. Despite the fact that insurance markets have grown more centralized on a national and international scale, state insurance commissioners work freely, however they may interact through a national insurance commissioners' organization. Some have advocated a dual state and federal regulatory framework for insurance (Optional Federal Charter - OFC), analogous to the regulation of state and national banks (Hufeld, 2016). Insurance has grown into a sophisticated and vital sector throughout the ages, offering safety and financial security to individuals and organizations all over the world. Its historical foundations and continuous advancements have affected how insurance works today.

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Historical Background of life insurance sector of Pakistan

Pakistan is pursuing massive economic changes in order to establish itself as a global player. These changes have resulted in financial sector deregulation and liberalization, resulting in a more open and competitive marketplace (Rosa, 2018). The development and expansion of Pakistan's insurance business during the last few decades. The number of insurance firms has dramatically expanded, resulting in increasing competition as they extend their customer services and product offerings. Profitability is a critical aspect in financial management for future planning and strategic decision-making because the fundamental goal of any organization or industry is to expand their business, capital, and profits which is directly impact on the financial growth (Eladly, 2021). Until 1992, Pakistan's life insurance business was nationalized and operated by the State Life Insurance Corporation and Postal Life Insurance. However, the government eventually allowed private sector engagement in the industry, allowing foreign corporations to enter the market with minor ownership limits.The regulatory environment in Pakistan has altered over time, and filing insurance rates is no longer required. However, the Ordinance on Market Conduct and Intermediaries has explicit rules that clarify the obligations and responsibilities of Direct Insurance Companies and Intermediaries, assuring regulatory compliance. Compliance with rules becomes increasingly vital when the country aligns its regulatory environment with international norms. These legislative changes are critical for fostering a transparent and competitive insurance industry in Pakistan (Grosen & Jorgensen, 2002). The expansion of Pakistan's insurance sector, together with ongoing economic reforms, represents the country's attempts to enhance its financial industry and attract investments from both domestic and foreign firms. Pakistan hopes to improve its overall economic development and stability by establishing a favorable environment for insurance businesses to flourish (Aslam et al., 2016)

Background the Islamic Insurance – Takaful

Ibn Abidin (1784-1836) was the first Muslim thinker to debate the meaning and legal status of insurance. Since then, the Islamic concept of insurance has been debated. There are several viewpoints on the validity, acceptance, and adaptability of insurance. However, a consensus has recently emerged in favor of adjusting insurance in the name of takaful and solidarity. As a result, since 1979, various Islamic takaful and solidarity firms have been founded. One of the primary goals of the Takaful system and its goods is to appeal to Muslim clients who may find traditional items unsuitable and purchase them grudgingly. They may find the takaful method and product intriguing (Komorowski & Kubiszewska, 2016). In 2002, the worldwide takaful premium was US$ 1.3 billion, excluding the contribution (Premium) in Iran. The total, including Iran, was $2.1 billion. It is believed that family takaful accounts for around 40% of worldwide takaful commerce. In 2002, there were an estimated 41 firms in 23 countries selling Islamic Insurance (either as takaful companies or via Islamic windows). In just four years (by mid-2006), the number of takaful enterprises had more than quadrupled to 87 across 29 nations (Muhamat, 2021). The Takaful market in Pakistan is still in its infancy, but industry predictions show significant growth

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potential. According to estimates, the industry might increase at a pace of 15% to 20% over the next decade, with premium reaching $7.4 billion by 2015. As the market evolves, there will be customer service and productivity difficulties that may be handled with the use of technology to facilitate the industry's growth (Ab et al., 2019). Pakistan, being one of the world's top ten most populated countries, provides a rich market for Takaful. It does, however, provide its own set of issues. Takaful is a relatively new financial protection idea, with the country seeing its first Takaful operator in the General side in 2006. Since then, two additional General Takaful operators and two-Family Takaful operators have entered the market. The most recent entry, Dawood Family Takaful, is the only Pakistani-owned Takaful business with significant capital (Aziz et al., 2020). Takaful is more than a risk management and financial protection instrument; it is a system that benefits both its users and the larger community. Such technologies are especially important for emerging countries like Pakistan, which is undergoing tremendous economic expansion. In fast emerging nations like Pakistan, problems including rising personal debt and economic inequality are frequent (Kusairi et al., 2020). To evaluate the prospects for Takaful in Pakistan, it is necessary to examine the country's present insurance sector and compare it to similar nations such as India. India, being a larger neighbor, has a greater insurance penetration rate of 4.8%, compared to 0.8% in Pakistan, and its insurance density is US$38.40, compared to US$5.90 in Pakistan. These numbers show that Pakistan has a considerable gap in financial protection instruments when compared to other nations, offering chances for Takaful to engage neglected sectors of the population. However, attaining the predicted growth and success in the Takaful market will not be easy, and it will need a collaborative effort from the sector and policymakers to bridge the gap and establish a climate suitable to Takaful growth in Pakistan (Muhamat, 2021). When assessing financial performance, it is critical to examine the monies delivered to covered persons to guarantee appropriate operation. Many life insurance firms across the world provide unit-linked plans, which are investment-based insurance solutions that combine insurance protection with investment opportunities. These plans enable policyholders to participate in a variety of investment funds, with rewards directly related to the performance of the funds chosen (Eladly, 2021). Stakeholders can acquire insights into the efficacy of the company's operations and its potential to create returns for policyholders by evaluating the financial performance of insurance firms and their investment products. This research is critical for politicians, regulators, and potential investors since it aids in determining the insurance industry's overall stability and profitability (Hufeld, 2016). For insurance firms, financial management is critical in analyzing profitability and wealth growth. The examination of financial reports and performance assists in comprehending the success of insurance products, particularly unit-linked plans, in serving the demands of insured persons. Evaluating financial performance is critical for decision-makers and investors to make educated decisions and ensure insurance businesses' long-term profitability in a developing industry (Dodds, 2017)

Research Objective

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- Financial factor of public sector life insurance company – State Life Insurance Corporation and the private sector life insurance companies are to be ascertained with their performance respectively.
- Relationship between the company's financial performance and growth that were offered, need to be determined.

Literature Review

In the prior research study suggested that examined the financial annual reports of Pakistani insurance companies from 2005 to 2009, finding changes in their earnings. Understanding insurer performance is critical for policymakers and regulators to help the insurance sector achieve success and excellence. Due to the country's critical position, escalating dangers, and uncertainties, demand for insurance services in Pakistan is rapidly expanding. Although Pakistan's insurance business is not as substantial as that of other developing nations, the necessity to safeguard property and lives drives its importance (Shkolnyk et al., 2019). The government-owned State Life Insurance Corporation (SLIC) is losing market share to privately held businesses like as EFU and Jubilee Life, signaling fierce rivalry. Takaful, a type of Islamic insurance, was also recently established in Pakistan in 2007, increasing competition among traditional life insurance market important participants. The study seeks to uncover critical variables influencing insurance profitability, giving vital information for regulators, policymakers, insurers, and industry professionals to help the insurance sector in Pakistan develop and stabilize (Fricke, 2019). Unfortunately, research on the insurance business in Pakistan is lacking when compared to other industrialized and developing nations. As a result, this study seeks to address this vacuum by finding independent elements that play a critical role in insurance company profitability. The findings of this study will assist policymakers and investors in measuring the performance of the insurance industry's life insurance profitability & performance as well as the growth of the life insurance companies in Pakistan (Aziz et al., 2020). The report assesses the financial performance of the whole expansion of Pakistan's insurance business using financial data from 2017 to 2021. It is important for academics interested in working in the insurance sector since it provides insights into financial performance and shifting patterns. Higher management in insurance firms additionally needs the study to evaluate their practices, financial standings, and segmentation. Furthermore, future researchers might expand on these findings to investigate financial ratios as well as numerous aspects of Pakistan's insurance market (Dodds, 2017).

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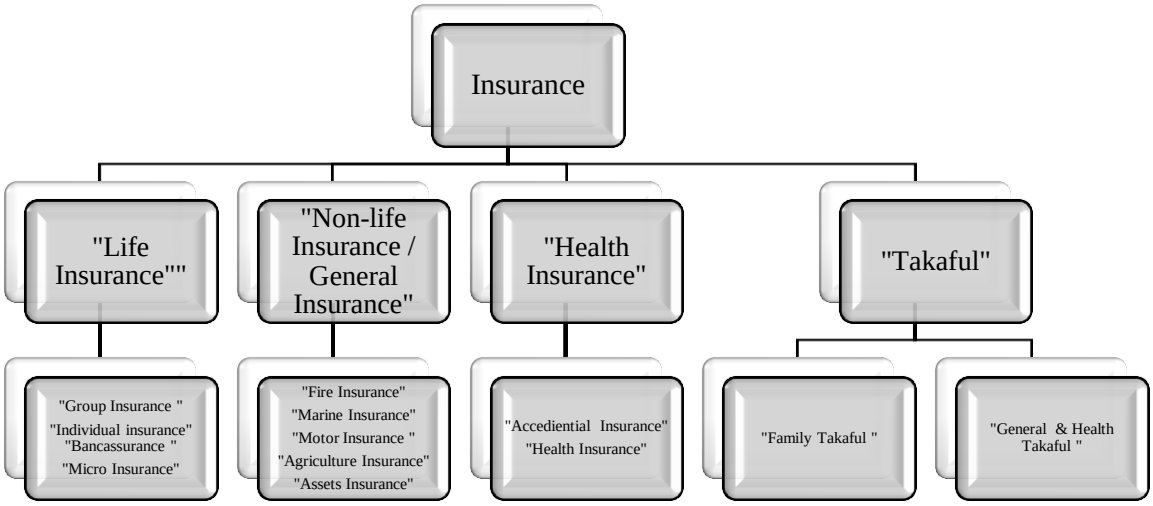

Source: Author Design

Figure 1.1

According to the research on the financial performance of insurance businesses in specific locations, financial liberalization and economic conditions can have differing effects on many dimensions of profitability. Salim (2018) studied the financial performance of insurance businesses before, during, and after a period of financial liberalization in Bangladesh. According to the study, financial reform had no substantial influence on return on asset (ROA) or return on equity (ROE), but it did boost net interest margin (NIM). The study emphasized the necessity of capital and asset preservation through consistent policies as key drivers of profitability (Taha, 2016). Antoun (2018), on the other hand, analyzed the financial performance of insurance businesses in Central and Eastern Europe between 2009 and 2014. They created the Financial Performance Index (FPI) using CAMEL ratios and analyzed it with fixed-effect panel regression. According to their results, corporate size has a negative impact on asset quality, profits, capital adequacy, and liquidity. Insurance concentration and economic growth, on the other hand, have a beneficial influence on financial performance. It's crucial to note that this research have distinct regional foci and time frames, thus the findings may not be immediately relevant to other locations or time periods. Furthermore, insurance company performance can be impacted by a variety of internal and external factors, and additional study is needed to understand the complex dynamics that effect profitability in diverse circumstances (Glonti, 2023). The prior research study examines the financial performance of Pakistan's insurance

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business from 2001 to 2005. When compared to industrialized countries such as the United Kingdom, the United States, and Japan, Pakistan was determined to have a low proportion of the global insurance industry. In terms of regional correlation, Pakistan was rated 58th in the international insurance market by volume, after China (9th) and India (15th). Insurance density, insurance penetration, and GDP per capita in Pakistan were found to be lower than in China, India, and Sri Lanka, but somewhat higher than in Bangladesh, which ranks 84th in the world insurance business by volume (Waheed et al., 2011). According to Selvam and Miencha (2013) investigated the financial performance of Kenyan insurance businesses. The information was gathered between January 2007 and December 2011. Using Data Envelopment Analysis (DEA), it was discovered that private insurance businesses outperform public and international insurance companies. However, because DEA is a non-parametric estimator, it cannot be tested for significance. The past research study conducted study on the financial performance of insurance businesses in Pakistan, with a primary emphasis on the private sector of the industry. He used ten private insurance companies in Pakistan as his sample size. The outcomes of this study revealed that operational efficiency and business size are negatively connected with Return on Assets; however, a positive relationship was discovered between company size and operational efficiency and Asset Management Ratio (Abdel, 2014). Furthermore, the research concludes that Asset Management and Interest Income are favorably associated to the size of the organization, however Interest Income is shown to be negatively related to operational efficiency (Kusairi et al., 2020). Malik (2011) investigated the factors that influenced the financial performance of 35 publicly traded life and non-life insurance businesses from 2005 to 2009. His research encompassed both insurance divisions, and many of his findings appear to confirm those of Ahmed et al (2011). Malik discovered that, whereas size and capital have a strong positive association with insurer profitability, loss ratio and leverage have a strong negative link with profitability. The Society of Actuaries (SOA) illuminates credit risk modelling approaches for the financial institution's life insurance business. There are available research papers and research projects for the insurance sector at the academic and industrial levels. From 2001 to 2010, Saleha Yasir, Kashif-ud-din, and Yasir Hassan worked on "The Financial Variations and Efficiency of Pakistan's Insurance Sector." The insurance business did not issue a large number of policyholders who were insured either individually or through group life insurance policies. Over a decade, the financial performance factors and new business of Pakistan's insurance market were compared. Ashfaq and Saeed (2017) investigated the influence of the Corporate Governance Index on the performance of a firm's earning management in the Pakistani banking and insurance business. The study used a generalized technique of movement for analysis, with many components such as Return on Assets, Book Value of Equity, Financial Institutions borrowings, non-performing loans, loan loss provision, and corporate governance index being examined. The insurance companies were rated based on their performance between 2005 and 2015. This study's conclusions examined all factors and discovered a negative coefficient for loan loss, showing that it has a negative influence on the profitability of insurance firms. The study shows that each

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element has a major influence on the financial performance of Pakistani insurance companies. Non-performing loans, on the other hand, were expected to have little financial influence on Insurance's performance (Zhou et al., 2020). Anila (2015)'s research emphasized the relevance of investment insurance in the growth of the country's economy due to its effect on the money and capital markets. It was stated that these insurance policies tend to help various enterprises flourish, therefore helping to stabilize the economy. The study conducted a financial analysis by adopting financial ratios in the insurance industry, with an emphasis on investment insurance in Pakistan, from 2007 to 2011. The research was based on the contribution of insurance and the influence of numerous elements, including financial measurements, leverage, liquidity, efficiency, and profitability, as well as the size of the organization, among many others.

Research Hypothesis

H_1: In last five years performance of the sector of life insurance, have positive relation.

H_2: The size and profitability of both life insurance sectors have been developed with positivity.

H_3: There is positive relation of net assets with the growth of the sectors.

Inductive approach, likewise, known in inductive thinking, begins with the perceptions and hypotheses are proposed towards the finish of the exploration procedure because of observations. Inductive research "includes the scan for design from perception and the improvement of clarifications – speculations – for those examples through arrangement of hypotheses". No speculations or theories would apply in inductive examinations toward the start of the exploration and the analyst is free as far as adjusting the course for the investigation after the examination procedure had initiated.

Research Methodology

In research, the inductive technique is a bottom-up process that begins with particular observations or facts and then progressively develops broader ideas or hypotheses based on those findings. It is the process of progressing from specific cases to broader patterns or hypotheses. In other words, the researcher starts by gathering and analyzing data to seek for patterns, parallels, and regularities. The researcher develops hypotheses or broad explanations based on these patterns.

It is crucial to stress, however, that the inductive method does not imply that previous ideas or past knowledge be totally ignored. Existing theories can be used as a starting point or foundation for researchers to develop study topics and objectives. In exploratory and qualitative research, when the objective is to get a better knowledge of a phenomena and produce new ideas or hypotheses, the inductive technique is more popular.

Because the inductive technique does not start with preconceived preconceptions, the researcher stays open to the data and lets the findings emerge spontaneously as the study unfolds. As additional data is gathered and analyzed, the researcher may begin

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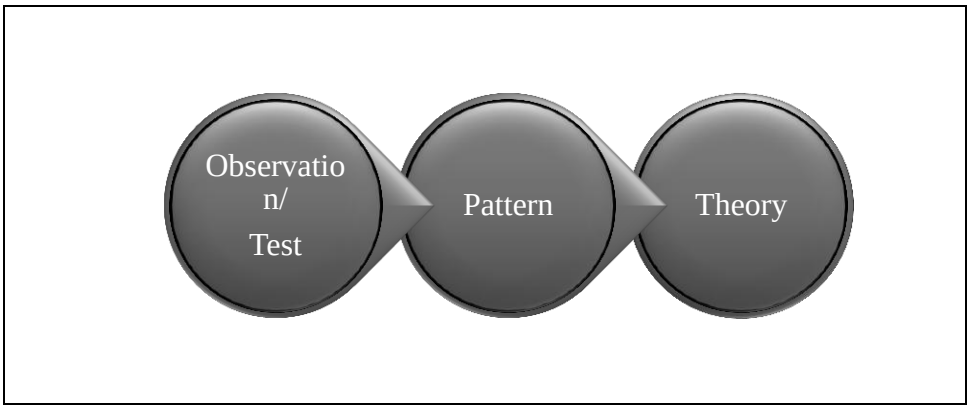
to identify recurring themes, patterns, or links, which can lead to the development of observational hypotheses.

Because the inductive technique is iterative, the researcher constantly revisits the data, improving and changing their interpretations and hypotheses in response to new discoveries. This approach is repeated until the researcher has a thorough grasp of the topic under investigation and can create well-supported explanations or theories.

In the context of inductive reasoning, the term "base up" emphasizes the concept that the process begins with particular observations (the base) and progressively rises up to more general conclusions (the top). It's like creating a structure from the ground up, with each observation serving as a basic element in establishing a greater knowledge of the event.

To summarize, the inductive approach is a strong tool for investigating and comprehending complicated phenomena since it allows researchers to develop hypotheses and explanations directly from facts, resulting in new insights and discoveries. It is especially beneficial in exploratory and qualitative research, when the objective is to get a thorough grasp of a topic or to produce new hypotheses.



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Methods of Data collection

A comprehensive description of data collecting techniques. Let's examine each type of data collecting techniques in more detail:

Primary Data Collection Techniques

Quantitative techniques: These techniques entail acquiring numerical information that can be quantified and statistically analyzed. Examples include experiments, observations with systematic data collecting, surveys with closed-ended questions, and statistical analysis methods like mean, median, mode, and regression.

Qualitative approaches: The comprehension and interpretation of non-numeric data is the main goal of qualitative approaches. They record irrational information, sentiments, and opinions, include focus groups, case studies, interviews, open-ended surveys, and content analyses.

Secondary Data Collection Techniques

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Data that has been gathered and made public by other academics or organizations is referred to as secondary data. These techniques include leveraging current data to investigate issues or verify theories. Academic papers, studies, databases, official publications, and previously performed surveys are examples of secondary data sources.

Each data gathering technique has advantages and disadvantages. Quantitative techniques allow for statistical analysis and exact measurements, which makes them appropriate for generalization and hypothesis testing. On the other hand, qualitative approaches offer detailed, rich insights into complicated phenomena, enabling researchers to go deeper into a subject.

To guarantee that the research findings are accurate, trustworthy, and pertinent to the study objectives, it is essential to use the right data gathering strategy. To guarantee that they acquire high-quality data that may successfully answer their research questions, researchers must carefully plan their data gathering method appropriately describing subjective research methods.

Subjective study focuses on the meanings, interpretations, and experiences of particular people or groups to examine and comprehend events in depth. Contrary to quantitative research, which deals with numerical data, subjective research focuses on non-numerical information such as words, stories, images, and emotions in order to better comprehend the topic at hand.

Typical subjective research techniques include

Interviews: To get participants' insights, experiences, and opinions on the subject of interest, researchers conduct in-person or online interviews with them. Participants can express themselves freely during unstructured, semi-structured, or structured interviews.

Open-ended surveys: Open-ended surveys enable respondents to offer thorough and unique replies, providing researchers with a window into the participants' emotions and mental processes.

Focus Groups: A moderator leads a small group of participants in focus groups as they converse about a particular subject while being encouraged to express their opinions, ideas, and experiences.

Observation: To better understand human behavior and social dynamics, researchers watch and document interactions, behaviors, and surroundings in real settings.

Case Studies: To comprehend a singular event or complicated scenario, a case study is thorough research of a specific person, group, or organization.

Content Analysis: To find patterns, themes, and meanings within the data, researchers analyze texts, photos, videos, or other media.

Ethnography: To do ethnographic research, a researcher must fully immerse themselves in the culture or society being researched in order to fully comprehend its beliefs, values, and practices. When examining intricate social, psychological, or cultural issues, where the goal is to comprehend participants' subjective sensations and perspectives, subjective research methods are very beneficial. These techniques produce extensive and thorough data that can give subtle insights and advance our

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knowledge of social processes and human behavior. Recognizing limits in generalizability and objectivity in subjective research is crucial, and researchers must be open and honest about their approach and procedures.

In order to analyze the financial industry, we extracted the data from the financial reports of the following sectors of life insurance i.e. Public sector life insurance company and the Private sector life Insurance companies. In research and data analysis, systematic sampling is an approach that is frequently utilized. Every nth element is chosen from a list or population to construct a sample in this type of probability sampling. In your situation, picking five years' worth of data from the two major life insurance business sectors using systematic sampling might be a useful strategy to comprehend the performance of the sector.

Variables of the Research Model

Dependent Variable: Growth of Industry – Based on the Net Profit after Tax called PAT

Independent Variables: Net Premiums - NP, Investment Income - II, Underwriting Profit – UP, Net Claim – NC.

An examination of the literature offers insightful information about the elements that Pakistani life insurance firms' profitability. As the money made from the premiums paid by policyholders, net premiums do constitute an important source of income for insurers. A crucial component of profitability is underwriting earnings, which represent the discrepancy between premiums received and claims paid out by the insurer. Mortality costs, which are a part of premiums, are the price of giving policyholders life insurance. For insurers to remain profitable and execute their legal requirements to pay out the sum promised in the event that the life insured passes away, they must manage mortality charges appropriately. Researcher should pay close attention to elements like net premiums, underwriting profits, mortality costs, and earnings per share while examining the profitability of life insurance firms in Pakistan. To have a thorough picture of their profitability and overall financial state, it may also be useful to take into account other financial measures and aspects.

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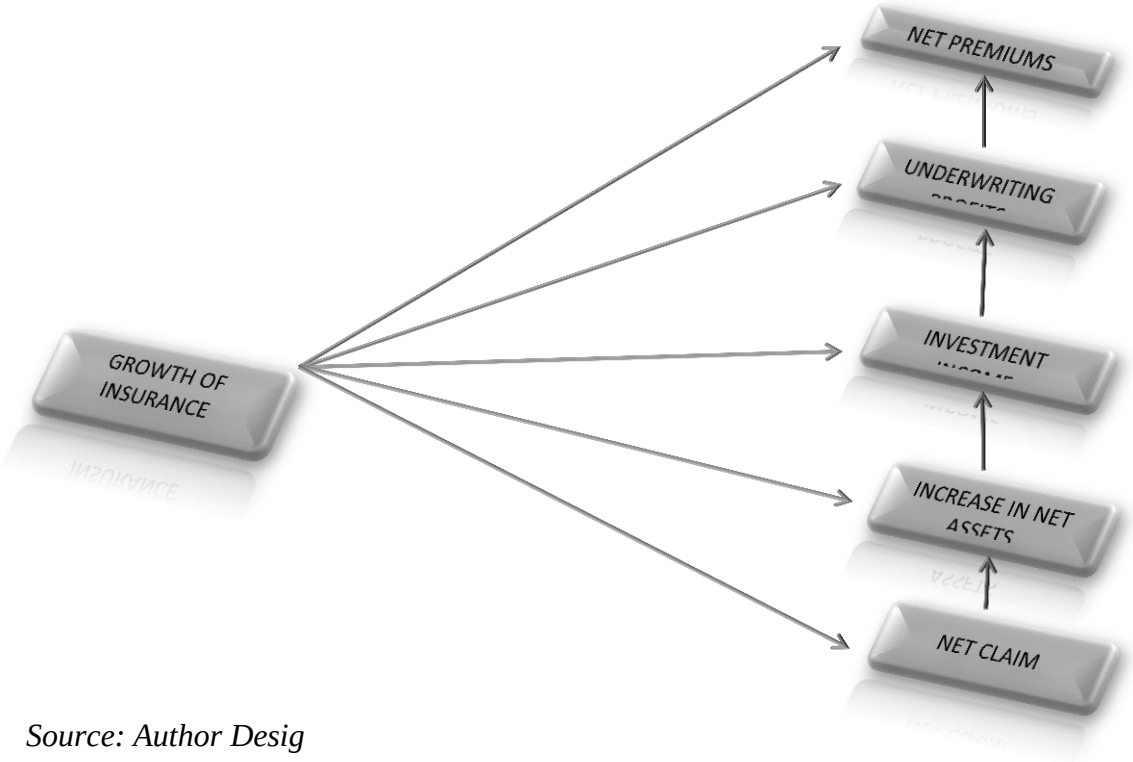
Conceptual Framework



Source: Author Desig

The aforementioned theoretical conceptual framework was created to clarify the relationships between the independent variables of Net Premiums, Underwriting Profits, Earnings per Share, Increase in Net Assets, and Total Dividend and the dependent variable, which is industry growth. This conceptual framework is further expanded to show how the separate components relate to one another. The above theoretical conceptual framework is developed in order to identify relationship of dependent variable that is growth of the industry with the independent variables which are Net Premiums - NP, Investment Income - II, Underwriting Profit – UP, Net Claim – NC. This conceptual frame work furthermore is developed to identify the relationship between and among the independent factors.

Research Model:

$$\mathrm{Y} = \beta_{\circ} + \sum_{NP=0}^{NP} \beta_P \,\mathrm{NP} + \sum_{II=0}^{II} \beta_{II}\; II + \sum_{UP=0}^{UP} \beta_{UP}\; \mathrm{UP} + \sum_{NC=0}^{NC} \beta_{NC}\,\mathrm{NC}$$

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Results and Data Analysis

In fact, it appears that the main objective of the study is to investigate the relationship between the three independent factors "Investment Income," "Underwriting Profit," and "Net Claim" and the dependent variable "Net Premium". This kind of study is frequently carried out in order to comprehend the variables affecting the profitability of life insurance firms. The dependent variable: "Net Premium" indicates the revenue earned by the insurer from premiums received after any deductions, such as refunds and cancellations.

The independent variables are as follows:

"**Investment Income**": This variable is most likely the revenue earned by the insurer's investment activity. Insurance firms usually invest their premiums to create additional revenue.

"**Underwriting Profit**": This variable shows the profit or loss generated by the underwriting process, which entails analyzing and pricing insurance risks. Underwriting losses may occur if premiums are set too low in comparison to possible claims during the underwriting process.

"**Net Claim**": This variable indicates the total claims paid out by the insurer after any reinsurance recoveries have been deducted. It is a vital component of assessing an insurance company's financial health, since high claims compared to premiums can have a negative influence on profitability. By investigating the link between these independent variables and the dependent variable "Net Premium," insurers may learn how changes in investment income, underwriting profit, and net claims affect their overall profitability. This insight can help them make educated decisions to improve their financial performance and satisfy policyholder responsibilities. To analyze and quantify these correlations, regression analysis or other statistical approaches may be applied.

Descriptive Statistics

	Mean	Std. Deviation	N
Net_Premium	31,735,325.69	41,408,139.726	35
Investment_Income	14,164,667.77	26,507,866.095	35
Underwriting_Profit	25,640,829.54	26,168,112.145	35
Net_Claim	16,533,379.29	22,493,005.244	35

Through the results of the correlation table, there is a positive association between the independent variable and the dependent variable.

Correlations

	Net_Premium	Investment_Income	Underwriting_Profit	Net_Claim

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Pearson Correlation	Net_Premium	1.000	.958	.882	.975
	Investment_Income	.958	1.000	.746	.947
	Underwriting_Profit	.882	.746	1.000	.878
	Net_Claim	.975	.947	.878	1.000
Sig. (1-tailed)	Net_Premium	.	.000	.000	.000
	Investment_Income	.000	.	.000	.000
	Underwriting_Profit	.000	.000	.	.000
	Net_Claim	.000	.000	.000	.
N	Net_Premium	35	35	35	35
	Investment_Income	35	35	35	35
	Underwriting_Profit	35	35	35	35
	Net_Claim	35	35	35	35

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991[a]	.981	.979	5,949,239.493

a. Predictors: (Constant), Net_Claim, Underwriting_Profit, Investment_Income

Through the results of the model summary, the results indicate, variations found in the dependent variables 99% due to independent variables, which is explain good explanation of dependent variables by the independent variables in the research study, with the adjusted R Square values is 0.979 and the standard error of the estimate was calculated.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57200360242868192.000	3	19066786747622720.000	538.709	.000[b]

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Residual	1097196966808452.000	31	35393450542208.140
Total	58297557209676640.000	34	

a. Dependent Variable: Net_Premium

b. Predictors: (Constant), Net_Claim, Underwriting_Profit, Investment_Income

The value of f-test in the regression results tell us whether a set of variables are jointly, in the current research study the f-statistics is 538.709, which is quite good and statistically significant at significance level of p-value less than 0.05. hence, we can say that overall, the explanatory power of the model is quite good of the research study.

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1463477.537	1449649.843		1.010	.321
	Investment_Income	.986	.144	.631	6.825	.000
	Underwriting_Profit	.552	.098	.349	5.630	.000
	Net_Claim	.131	.237	.071	.552	.585

According to our research study results analysis, the table of coefficient explains the results of the research study, the “Sig” values in the table, which predicts us the significance of the variables and shows that whether variables are useful or not. The independent variable Investment_Income, the p-values is 0.000, which is less than 0.05, which is means that variable is useful and it creates positive impact on the growth industry. The p-value of Underwriting_Profit is 0.000, which is less than 0.05, thus explain that variable is useful, and creates positive impact on the growth industry. Another variable Net_Claim, which is the p-value is 0.585, thus explain that greater than 0.05. suggested that not impact on growth industry.

It's worth noting that, despite the pandemic's negative effects on the global economy, such as currency depreciation and high inflation rates, Pakistan's life insurance industry demonstrated resilience and successfully achieved economic recovery, thanks in large part to effective pandemic management. Despite experiencing several problems during this time, the Pakistani life insurance business shown tenacity by providing clients with protective policies and maintaining consistent premium prices. The industry's emphasis on risk management and fiscal stability enabled it to adapt and endure in Pakistan's changing economic landscape. The research focuses on the largest life insurance firms that control the majority of the market share in both the private and public sectors. Surprisingly, these firms' net premiums did not vary, indicating a consistent premium revenue.

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Conclusion

In Pakistan, there are ten life insurers and two-family Takaful firms. Life insurance and family Takaful firms, which operate with long-term business goals, account for around 84 percent of the industry in terms of assets as of December 2021. The insurance business remains consolidated in terms of relative market share of companies. PSEs, particularly public life insurers, play an important role and contribute significantly to the business. In terms of assets, the major public sector life insurer alone accounts for more than half of the insurance business, showing its significant influence and market presence. This suggests that life insurance and family Takaful firms are the key participants in Pakistan's insurance market, with public sector life insurers dominating. Their considerable market share in terms of assets highlights their relevance and impact in determining the dynamics of the country's insurance business.

In contrast with the above findings that the factors of the life insurance institutions we are able to find the relationship of the Net Premium, Net Assets, Investment Income, Net Claim and Underwriting Profit with the growth of industry because the financial mechanism of Life Insurance Industry is totally different. It has different financial reporting standards named as IFRS 17, which cannot be matched with the financial ratios of other financial institutions moreover the sales/ premium generated by the company is not actually the revenue but it is actually a liability/ unearned revenue.

Furthermore, they produced a considerable increase in profitability, which is a remarkable success considering the worldwide economic difficulties caused by the epidemic. Overall, the research emphasizes Pakistan's life insurance industry's extraordinary performance and capacity to handle hurdles, provide useful products to consumers, and preserve financial stability throughout a challenging period. Prudent risk management combined with competent pandemic management appears to have played a critical part in the industry's success in attaining economic recovery and profitability.

Future Research

The future research for Life Insurance Company can be done on by using the following ratios: Furthermore, the research can be done on Takaful (Islamic Insurance) as well as conventional insurance on the basis of above ratios, such as premium growth, risk retention, loss ratio, expense ratio, combined ratio, investment yield and Return on Net worth

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