



Rating Action

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PACRA maintains IFS rating of Premier Insurance

The Pakistan Credit Rating Agency (PACRA) has maintained the IFS rating of "A" (**Single A**) of Premier Insurance Company Limited (Premier). The outlook on the rating is stable (Previous: Positive). The rating denotes a strong capacity to meet policyholder and contract obligations.

The rating reflects strong liquidity position emanating from bank deposits and placements in low-risk investments of the company. This has helped in upholding financial profile of Premier Insurance. However, the business profile of the company is currently in pressure. This is mainly an outcome of a certain business reversals and high incidence of loss in few segments. The new management team is working to re-energize the company. Strengthening the risk management and procedural framework and volumetric expansion are being focused equally. In pursuit, the company has expanded its network, while improving existing infrastructure. However, these initiatives have pushed up the cost, wherein commensuration benefits have yet to translate. Timely achievement of profitable expansion is important to relieve the drag from profitability.

The rating is dependent on fast ascend to positive performance matrix. Meanwhile, the management has to carefully manage its insurance asset liability structure wherein timely realization of outstanding premium along with smooth settlement of claims is critical. Any further stretching in these parameters would negatively impact the rating.

About the Company: Premier Insurance was incorporated in 1952 and is listed on Pakistan Stock Exchange. It holds 2.2% market share at end-Dec'15 and operates through two business Hubs - South and North. Crescent Group holds 70% shareholding, exercising control through Mr. Zahid Bashir. State Life Insurance Company is another major shareholder (11%). The Crescent Group (CG) has been in the business since 1910, and, through its different streams as of now, operates in diversified sectors of textile, steel, sugar, software, and power.

The eight-member board, including CEO, includes six representations of Crescent Group and one of State Life Insurance. Mr. Muhammad Asif Arif, CEO of the company since Apr-15, possesses insurance related experience of over three decades. He is supported by a team of experienced professionals.

Applicable Criteria and Related Research

- Insurance | General - Viewpoint | Nov-15
- General Takaful - Viewpoint | Feb-16
- Insurer Financial Strength Rating Methodology

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