



## Rating Action

Lahore : 09-Jun-2016

## Analyst

Amara Gondal  
(+92-42-35869504)  
amara.gondal@pacra.com  
www.pacra.com

## PACRA MAINTAINS IFS RATING OF THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of The Pakistan General Insurance Company Limited (PGI) at 'A-' (Single A Minus). The rating denotes a strong capacity to meet policyholder and contract obligations.

The rating reflects PGI's ability to demonstrate a reasonable volumetric growth amidst challenges facing the company. Though GPW mix is skewed towards conventional segments - fire and marine - the incidence of loss has remained low. Recently there has been sizeable increase in outstanding premiums. This while giving rise to credit risk has put significant pressure on PGI's liquidity profile. Higher working capital requirements are being met through in-house liquid resources; which have, consequently seen a decline. This has exerted a pressure on the company's risk profile - hence rating. Management is actively pursuing the recovery; a strategy is chalked out for normalizing the working capital needs by end Sep-16. Meanwhile, PGI is eyeing to hold its growth trend line. It intends to expand in motor insurance, while focusing on enhancing productivity of existing business lines and branch network.

The rating is dependent upon company's ability to recover premiums as per plan, thereby recouping its cash reserves. At the same time upholding of market position in the form of GPW growth and profitability is critical. Smooth induction of new CEO, and consequent changes in organization structure remains important.

### About the company:

The Pakistan General Insurance Company Limited (PGI), established in 1947, is listed on Pakistan stock exchange. The single largest shareholder in the company is Mr. Zahoor Ahmad and his family (41%). The effective controlling stake is held by the family and directors (above 50%). The rest of the shareholding is diverse. PGI, with its Head Office in Lahore, operates a network of 33 branches spread across the country.

PGI's Board of Directors comprises eight members. The board comprises five individuals from the sponsoring family, one executive director and two independent directors. Incumbent CEO, Mr. Zahoor, brings with him over forty years of experience in the insurance sector. He has been re-designated as the chairman of the board, while transferring the position of CEO to his son, anointed successor, Mr. Nasir Ali (pending regulatory approval). Mr. Ali, previously advisor to CEO. He is a qualified Chartered Insurer and has been associated with PGI since 2003.

### Applicable Criteria and Related Research

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

### Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.