



Rating Action

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PACRA Maintains IFS Rating of SPI Insurance Company Limited

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

The rating reflects SPI's improving risk profile emanating from growth in business and core profits. This has been made possible by the focused business strategy of the management. The organization takes benefit from synergistic thought at group level - United International Group (UIG) - and replicate the group's established practices. The outcome is in the form of diversified business composition, growing premium and profitability for the company. Currently the business mix is skewed towards non-conventional avenues - motor, crop and livestock and health segments. With the successful launch of window takaful, SPI is poised to tap further growth in motor segment. Meanwhile, venturing into microinsurance via partnership with a microfinance bank, is on the cards. Although the equity size, and hence liquidity, is relatively small, consistent profitability has and would ensure phased improvement therein.

The rating is dependent upon sustaining the trend in the improving market positioning of the company. As the company grows, liquidity profile needs to be strengthened; herein, attention must be paid to overdue receivables. Meanwhile, improvement in investment management framework is essential.

About the company:

SPI Insurance Company Limited (SPI), an unquoted public limited company, was established in 2005. The company is majority-owned by UIG (69%), followed by Silkbank (23%) and Saudi Pak Leasing (8%). The overall control of the company vests in a BoD comprising seven members; five members represent UIG, whereas two members represent Silkbank. UIG is a diversified group having interests in insurance, tracking business, IT, agriculture, insurance brokerage and microfinance-banking. UIG, by capitalizing on the platform of two insurance companies - UIC and SPI - has achieved a sizeable market share of 7% at end-Dec15.

Mr. M. A. Shahid, CEO/MD since beginning Jun-11, is a law graduate having extensive insurance industry experience, especially with The United Insurance Company of Pakistan - a flagship company of UIG. He is assisted 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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