



Date

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Analysts

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Applicable Criteria

- Methodology | General Insurance (Jun 18)

Related Research

- Sector Study | General Insurance (Nov 18)

PACRA Upgrades IFS Rating of The United Insurance Company of Pakistan Limited

Rating Type	Insurer Financial Strength(IFS)	
	Current (27-Mar-2019)	Previous (24-Dec-2018)
Action	Upgrade	Maintain
IFS Rating	AA	AA-
Outlook	Stable	Stable
Rating Watch	-	-

United Insurance Company is the fourth largest player in the insurance industry. The company has held its position from the past couple of years - showing sustainability. The company has a balanced portfolio representing all segments of the insurance industry. The diversity reflects in the fact that the crop segment is three quarters of a billion. The Takaful business is above PKR1 bln. In terms of profitability the company also ranks higher than the peer companies. This has added to the equity base of the company over the year. The company has a strong reinsurance panel led by Swiss Re (rated AA- by S&P), all other reinsurers are in the A category. The reinsurance coverage provides strength to risk absorption. The company has experienced a significant turnaround in one of its associates - Apna Bank. After booking losses over the last two years, the bank has booked a profit in CY18. The CAR of the bank has improved, though it is less than the regulatory benchmark for which management has a plan to recoup. The equity of the bank is higher than MCR. The liquidity of the company without considering APNA BANK investment is lower but taking into account the performance of APNA Bank we can derive comfort from the total investment book.

Another right issue is planned for APNA Bank, which augments its position further. The management also plans to generate liquidity through divestment of some stake from its investment book. The management is committed to achieve higher benchmarks in transparency and control environment. Previously, they also bridged gaps in their operating framework. This is expected to augment UIC's market positioning, going forward.

The ratings are dependent upon the envisaged plan of strengthening its relative positioning and its control environment. Continued generation of internal capital and enhancement of liquidity is considered essential. Meanwhile all governance standards must be upheld.

About the Entity

UIC, established in 1959, is listed on the Pakistan Stock Exchange. It is operating through an extensive network more than 110 branches concentrated in the North region of Pakistan. The company is part of The United International Group (UIG) which controls 72.61% shareholding in the company. The Company is led by strategic vision of the chairman of United International Group Mian M. A. Shahid, an insurance veteran. UIG has sizeable stake in micro finance banking, through Apna Microfinance Bank, and insurance industry, through UIC and SPI Insurance. The group's presence in insurance is being augmented through takaful operations in both insurance companies. Other ventures include tracking business, farming and software.

The overall control of the company vests in seven-member BoD. Three members represent UIG, three members are non-executive including chairman and the two independent directors. Mr. Javaid Sadiq is the Chairman of the Board and possess over three decades of experience

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