



**Date**  
30-Apr-20

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**Applicable Criteria**

- PACRA\_Methodology\_GI | Jun-19

**Related Research**

- Sector Study | General Insurance | May-19

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**PACRA maintains IFS Rating of United Insurance Company of Pakistan**

Rating Type	IFS	
	Current (30-Apr-20)	Previous (26-Sep-19)
Action	Maintain	Maintain
Long Term	AA	AA
Short Term	-	-
Outlook	Stable	Stable
Rating Watch	-	-

United Insurance Company is a large size player in the insurance industry. The company has held its position from the past couple of years - showing sustainability, however, the current economic meltdown may impact the business volumes of the industry, which are yet to be ascertained. The company has a balanced portfolio representing all segment of the insurance industry. The diversity reflects in the fact that all segments contribute to business and misc segment constitute of different business line. 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 significant investment in Apna Bank, one of its group associates. The bank booked profits in CY18 after booking losses in the previous years and the momentum was carried through 9MCY19, however, it may have to face a challenging environment in the prevailing conditions. The CAR of the bank has improved, though it is less than the regulatory benchmark for which management has to plan to recoup. The liquidity of the company without considering APNA BANK investment is lower but taking into account the performance of APNA Bank we can drive comfort from the total investment book. The management also plans to generate liquidity through divestment of some stake from its investment book. The management is committed to achieving higher benchmarks in transparency and control environment as the system review is underway.

The ratings are dependent upon the envisaged plan of sustaining 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 the strategic vision of the chairman of United International Group Mian M. A. Shahid, an insurance veteran. UIG has sizeable stake in microfinance 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 possesses over three decades of experience

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.

