

**Date**

29-Sep-2017

**Analysts**

Jhangeer Hanif  
jhangeer@pacra.com

Iqra Bashir  
iqra.bashir@pacra.com

+92-42-35869504  
www.pacra.com

**Applicable Criteria**

- Criteria Modifiers (Jun 17)
- Methodology | Insurer Financial Strength (IFS) Rating | General (Jun 17)

**Related Research**

- Sector Study | General Insurance (Nov 16)

**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

**PACRA Maintains IFS Rating of The United Insurance Company of Pakistan Limited**

Rating Type	Insurer Financial Strength(IFS)	
	Current (29-Sep-2017)	Previous (09-Mar-2017)
<b>Action</b>	Maintain	Upgrade
<b>IFS Rating</b>	AA-	AA-
<b>Outlook</b>	Stable	Stable
<b>Rating Watch</b>	-	-

The rating of United Insurance takes into account continued performance of the company reflected by steadily increased market share, improved underwriting results and structured reinsurance treaties. The company has shown highest growth in industry at end June 2017. The bond business is one of the growth drivers: its risk management should be harnessed while settling these claims in a better way, considering the circular arrangement in design of the policy. Herein, improvement in the performance of UIC’s strategic investment in Apna Microfinance Bank; wherein UIC is expanding its ownership stake.

Improved core underwriting results reflected positively on the bottom line of the company and income from investment portfolio also support the bottom line. UIC had a conservative stance towards investments as the risk profile of the investment portfolio remained low with half of the liquid funds deployed in low risk bank deposits. Though liquid profile of the company is considered adequate. Going forward, strengthening of liquidity management is considered crucial.

Continuation of prudent underwriting policies in core insurance business would be amongst the key rating drivers; ability to demonstrate a consistent and track of good quality business in underwriting performance, sustaining market share and a strengthening trend in liquidity maintenance will continue to be trailed. Implementation of "Claims Tracking system", along with planned intelligence tools, should improve MIS system; hence, claims turnaround time. The company is expected to improve its governance framework, with enduring emphasis on compliance.

**About the Entity**

UIC, established in 1959, is listed on the Pakistan Stock Exchange. It is operating through an extensive network of more than 100 branches concentrated in the North region of Pakistan. The company is part of The United International Group (UIG) which controls ~92% 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 microfinance banking, through Apna Microfinance Bank, and insurance industry, through UIC and SPI Insurance. The company is rotating its auditors. 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. It has one independent director. The CEO, Mr. Rahat Sadiq, a qualified chartered insurer from UK has been associated with the company for nearly a decade. He is assisted by team of experienced professionals long associated with the company.

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.