

# Press Release

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## VIS Upgrades IFS Rating of The United Insurance Company of Pakistan Limited

Karachi, October 14, 2021: VIS Credit Rating Company Limited (VIS) has upgraded the Insurer Financial Strength (IFS) rating of The United Insurance Company of Pakistan Limited (UICPL) from 'AA-' (Double A Minus) to 'AA' (Double A). The IFS rating of 'AA' denotes very high capacity of meeting policyholder and contractual obligations. Moreover, the risk is modest, though may vary slightly with possible changes in economic conditions. Outlook on the assigned rating is 'Stable'. The previous rating action was announced on June 10, 2020.

The assigned rating takes into account the competitive position of the company in the peer group and the sound business profile of the United Group. The group has business interests in insurance, microfinance, information technology, dairy, and vehicle tracking. UICPL being the flagship company of the group is a major player among the lead general insurers, also having an established and growing takaful segment of the business. Rating derives comfort from increase in business volumes and sustained underwriting performance underpinned by improving loss ratio a sustenance of which is expected. The rating further incorporates reinsurance arrangements largely with counterparties having sound credit risk profiles with reinsurers rated in the category 'A' or higher.

Liquidity position of the company assessed by adjusted net technical reserves to liquid assets has depicted gradual improvement over the review period. The company has also depicted improvement in net operating cash flows to net premium revenue, which provides basis of the capacity of a company to make timely payment of claims. Meanwhile, the company's investment in Apna Microfinance Bank Limited has yet to mature, and VIS will continue to monitor return profile of the same. Further improvement in liquidity indicators in line with benchmarks for assessed rating remains an important driver, going forward. Capitalization indicators of the company have steadily improved over the review period mainly on account of internal capital generation. While there is no immediate plan of equity injection from the sponsors, the capitalization indicators are expected to draw support from profits retention. The rating is dependent on the maintenance and subsequent improvement of key performance indicators after the proposed merger of SPI Insurance Company Limited, going forward.

For further information on this rating announcement, please contact Syed Fahim Haider at 042-35723411-13 (Ext: 8006) or the undersigned at 021-35311861-70 (Ext. 201) or email at [info@vis.com.pk](mailto:info@vis.com.pk)

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Deputy CEO

Applicable Rating Criteria: General Insurance (November 2019)  
<https://docs.vis.com.pk/docs/Meth-GenInsurance201911.pdf>

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