



Rating Action

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PACRA ASSIGNS INSURER FINANCIAL STRENGTH RATING TO ALFALAH INSURANCE COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned the Insurance Financial Strength (IFS) rating of “A-” (single A minus) to Alfalah Insurance Company Limited (AFIC). The rating denotes a strong capacity to meet policyholder and contract obligations. At the same time, risk factors are moderate, and the impact of adverse business and economic factors is expected to be modest.

The rating reflects AFIC’s association with a strong group – the Abu Dhabi group – having key interests in Pakistan’s financial sector. Moreover, the management, while pursuing aggressive growth, intends to have a conservative risk appetite that results in lower risk retention. At the same time, the rating recognizes the company’s well conceived business strategy to fast establish itself in a competitive insurance industry, with relatively high reliance on group support – mainly in the form of captive and referred business – in the initial period.

The rating is dependent on successful execution of the management’s plans about establishing a robust operating platform, including human resource base, in tandem with the growth momentum. Meanwhile, any significant increase in the loss pattern impacting the risk absorption capacity would have negative implications for the rating.

About the company:

Alfalah Insurance Company Limited (AFIC), incorporated as an unquoted public limited company in Dec05 and licensed to undertake the insurance business in Sep06, is engaged in providing general non-life insurance services. The Abu Dhabi Group (ADG), consisting of prominent members of the UAE’s ruling family, leading businessmen of UAE and associates, owns AFIC through key sponsoring individuals and group companies including Bank Alfalah Limited (BAL). BAL, with total assets of around 329bln at end-07, is the fifth largest bank in Pakistan.

With its headquarter in Lahore, AFIC operates through a network of 6 branches in major cities of Pakistan. The current Chief Executive Officer, assisted by a team of professionals, possesses around three decades of related experience.

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