



Rating Action

Lahore : 02-Dec-2011

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PACRA MAINTAINS IFS RATING OF ADAMJEE INSURANCE COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the IFS rating of Adamjee Insurance Company Limited (AICL) at "AA" (**Double A**). The rating denotes a very strong capacity of the company to meet policyholder and contract obligations. At the same time, risk factors are considered modest, and the impact of any adverse business and economic factors is expected to be very limited.

The rating reflects AICL's leading market position in the insurance industry in Pakistan. The management's focus on consolidation of business, while reinvigorating its underwriting practices and rationalizing its cost structure, is expected to reflect positively on AICL's performance, which is currently relatively strained. Nevertheless, the company's sizable and superior investment portfolio continues to supplement its profitability and financial strength. The centralization of the risk management department, augmented by quality human resource and robust IT infrastructure would improve the company's risk profile. Meanwhile, the rating takes into account the synergic benefits that AICL derives from its association with the Nishat Group.

The management's ability to maintain its leading market position, while achieving improved translation of GPW into underwriting profitability remains critical. Moreover, strengthening systems and controls in conjunction with business size is important. Substantial erosion in the risk absorption capacity resulting from depressed underwriting performance and/or material impairment in investment portfolio could have negative rating implications.

About the company

AICL, one of the leading insurance companies of Pakistan, is part of Nishat Group since 2004. Incorporated in 1960, the company is listed on all three stock exchanges of the country. AICL operates a network of 30 branches in Pakistan and two branches in UAE.

The eleven-member board of directors has six representatives of Nishat Group (having around 43% shareholding), including two members of the Mansha Family, while remaining are independent directors. Mr. Manzar Mushtaq, a long associate of Nishat Group, has recently been elevated to the position of the CEO of AICL. He has served at various managerial positions in the company since 2006. Besides the experienced top management, the department heads and their teams comprise well-qualified professionals.

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