



**Rating Action**

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**Analyst**

Nazia Ramzan  
(+92-42-586 9504)  
nazia@pacra.com

**PACRA MAINTAINS RATING OF SHAHEEN INSURANCE COMPANY LIMITED, WITH POSITIVE OUTLOOK**

The Pakistan Credit Rating Agency (PACRA) has maintained the IFS rating of Shaheen Insurance Company Limited (SIC) at “A-” (single A minus). Meanwhile, a positive outlook has been assigned to the rating. The rating denotes strong capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small.

The rating reflects SIC’s strong shareholding structure and effective governance mechanism, which has been lately strengthened with renewed interest of key shareholders – Hollard and Shaheen Foundation. The rating takes cognizance of the improved portfolio mix and high emphasis of the management on fortifying its systems and controls, which are expected to improve the underwriting profitability. Meanwhile, the rating also incorporates the relatively subdued solvency position of the company.

**About the company:** SIC commenced commercial operations as a general insurance company in 1995, and is currently listed on all three bourses of the country. With its head office in Karachi, the company has a nationwide network of over 31 branches and liaison offices. The key shareholders of SIC are, a). Hollard Insurance Company Limited (32%); a part of the largest insurance group in South Africa, the business interest of Hollard Insurance in SIC and Pakistan has increased recently with its entry in local life assurance business and b). Shaheen Foundation (33%), that is promoting welfare activities for the benefit of serving and retired Pakistan Air Force personnel, having diversified business interests. First Capital Group (FCG) through its main holding company – First Capital Securities Corporation – retains 16% shares in SIC. However, FCG’s involvement in SIC has decreased due to divestment of its ownership in Worldcall Telecom, which owns 16% stake in SIC. Oman Telecom, the new parent of Worldcall, intends to divest this stake.

The overall control of the company vests in the seven-member BoD having three representatives of Shaheen Foundation and two members from Hollard Insurance and First Capital each. The present CEO is associated with the company for the last five years. The company currently has a lean organizational structure, which despite being effective, may compromise the control environment.

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