



## Rating Action

Lahore: (04-August-2008)

### Analyst

Susan Sharaf  
(+92-42-586 9504)  
susan@pacra.com

## PACRA MAINTAINS THE IFS RATING OF THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained Insurer Financial Strength rating of The United Insurance Company of Pakistan Limited at 'A-' (Single A Minus). Meanwhile, PACRA has also maintained the **positive outlook** assigned to the rating. The rating denotes strong capacity to meet policyholder and contract obligations. At the same time, risk factors are moderate, and the impact of adverse and economic factors is expected to be modest.

The rating reflects the strong risk absorption capacity of the company emanating from a sound solvency position. The management is following a well-conceived business strategy leading to a robust underwriting performance. However, the rating recognizes the company's relatively weak risk management and IT framework that, given the company's relatively aggressive growth stance, could impact the risk profile of the company.

**About the company:** UIC, established in 1959, and listed on the Karachi Stock Exchange is operating through a network of 91 branches covering all major cities of the country. UIC underwrites all types of general insurance business.

The family and associates of Mian M.A. Shahid, the Chief Executive, owns majority shares in the company. Although the company's board includes a few members having experience of different industries, it has relatively constrained capacity in terms of offering strategic guidance to the management and ensuring effective monitoring of performance. Moreover, the CEO Mr. Shahid, also with his dynamic efforts, has enabled the company to achieve remarkable growth. However, his appointment as the Chairman of the BoD as well, undermines the strength of the board, to some extent. The management team comprises seasoned and experienced professionals, most of which have been hired from other insurance companies and financial institutions.

### *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.

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's 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.