



The Pakistan Credit Rating Agency Limited

PREMIER INSURANCE LIMITED

IFS RATING REPORT

	NEW [OCT-17]	PREVIOUS [APR-17]
--	-----------------	----------------------

Insurer Financial
Strength (IFS)
Rating

A

A

Outlook

Stable

Stable

REPORT CONTENTS

1. RATING REPORT
2. FINANCIAL INFORMATION
3. RATING SCALE
4. DISCLOSURE

OCTOBER 2017



The Pakistan Credit Rating Agency Limited

GENERAL INFORMATION
Financials

Premier Insurance Limited (Premier)

	30-Jun-17	31-Dec-16	31-Dec-15	31-Dec-14
			1025	
			119	1763
			25	753
BALANCE SHEET				
Investments				
Liquid Investments	996	786	1,025	1,109
Investment in Associates	119	119	119	164
Other Investments	25	25	25	54
	<u>1,140</u>	<u>930</u>	<u>1,169</u>	<u>1,326</u>
Insurance Related Assets	1565	1752	1,763	1,346
Other Assets	557	1063	753	758
TOTAL ASSETS	<u>3,262</u>	<u>3,745</u>	<u>3,685</u>	<u>3,430</u>
Equity	1,246	1,242	1,608	1,528
Underwriting Provisions	1,390	1,713	1,242	1,096
Insurance Related Liabilities	190	291	272	211
Other Liabilities	436	499	563	595
TOTAL EQUITY & LIABILITIES	<u>3,262</u>	<u>3,745</u>	<u>3,685</u>	<u>3,430</u>
INCOME STATEMENT				
Net Premium				
Gross Premium Written (GPW)	311	1,115	1,408	1,356
Net Premium Revenue (NPR)	286	623	770	695
Net Claims	(161)	(628)	(364)	(347)
Net Operational Expenses	(167)	(427)	(333)	(357)
UNDERWRITING RESULTS	<u>(42)</u>	<u>(432)</u>	<u>73</u>	<u>(9)</u>
Investment Income	88	259	140	146
Other Income/ (expense)	(36)	(151)	(90)	(96)
PROFIT BEFORE TAX	<u>9</u>	<u>(325)</u>	<u>123</u>	<u>41</u>
RATIO ANALYSIS				
Underwriting Results				
Loss Ratio	29%	100%	47%	50%
Combined Ratio	59%	179%	103%	116%
Performance				
Operating Ratio	59%	135%	84%	94%
Investment Yield	7%	20%	11%	11%
Liquidity & Solvency				
Liquidity Ratio – times	0.8	0.9	1.9	2.4



RATING SYMBOLS & DEFINITIONS:

**INSURER FINANCIAL STRENGTH (IFS)
RATING SCALE & DEFINITIONS**

Insurer Financial Strength (IFS) rating reflects forward-looking opinion on relative ability of the insurance company to meet policyholders and contractual obligations.

RATING SCALE	DEFINITION
AAA	Exceptionally Strong. Exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small.
AA+ AA AA-	Very Strong. Very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small
A+ A A-	Strong. 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.
BBB+ BBB BBB-	Good. Good capacity to meet policyholder and contract obligations. Although risk factors are somewhat high, and the impact of any adverse business and economic factors is expected to be manageable.
BB+ BB BB-	Moderately Weak. Moderately weak with an uncertain capacity to meet policyholder and contract obligations. Though positive factors are present, overall risk factors are high, and the impact of any adverse business and economic factors is expected to be significant.
B+ B B-	Weak. Weak capacity to meet policyholder and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors is expected to be very significant.
CCC CC C	Very Weak. Very weak with a very poor capacity to meet policyholder and contract obligations. 'CCC': Risk factors are extremely high, and the impact of any adverse business and economic factors is expected to be insurmountable. 'CC': Some form of insolvency or liquidity impairment appears probable. 'C': Insolvency or liquidity impairment appears imminent.
D	Distressed Extremely weak capacity with limited liquid assets to meet policyholders and contractual obligations, or subjected to some form of regulatory intervention and declared insolvent by the regulator.

Outlook (Stable, Positive, Negative, Developing)
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch
Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating Watch may accompany Outlook of the respective opinion.

Suspension
It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future, but may stay in abeyance for long. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn
A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, or c) the rating remains suspended for six months.

Disclaimer: PACRA's IFS rating does not constitute any form of guarantee of the ability of the insurance company to meet policyholders' obligations; nor does it constitute a recommendation to effect or discontinue any policy of insurance. PACRA's rating 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.



Name of Issuer
Sector
Type of Relationship
Purpose of the Rating

Premier Insurance Limited
 Insurance | General
 Solicited
 Independent Risk Assessment

Rating History

Dissemination Date	IFS Rating	Outlook	Action
03-Oct-17	A	Stable	Maintain
06-Apr-17	A	Stable	Maintain
30-Sep-16	A	Stable	Maintain
30-Sep-15	A	Positive	Initial

Related Criteria and Research

Rating Methodology
 Sector Research

General Insurance and Takaful operator – IFS Rating methodology
 Insurance | General - View Point | Nov 16
 General Takaful - View Point | Feb 16

Rating Analysts

Rohail Amjad Jhangeer Hanif
rohail.amjad@pacra.com jhangeer@pacra.com
 (92-42-35869504)

[Rating Team Statement](#)

Rating Procedure
 Rating is an opinion on relative credit worthiness of an entity or debt instrument. It does not constitute recommendation to buy, hold or sell any security. The rating team for this assignment does not have any beneficial interest, direct or indirect in the rated entity/instrument.

[Disclaimer](#)

Rating Shopping
 PACRA maintains principle of integrity in seeking rating business. PACRA has used due care in preparation of this document. Our information has been obtained directly from the underlying entity and public sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information.

Conflict of Interest
 PACRA, the analysts involved in the rating process, and members of its rating committee do not have any conflict of interest relating to the credit rating done by them. The analysts involved in the rating process do not have any interest in a credit rating or any of its family members has any such interest. The analysts and members of the rating committees including the external member members have disclosed all the conflict of interest, including those of their family members, if any, to the Compliance Officer PACRA. The analysts or any of its family members do not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This is, however, not applicable on investment in securities through collective investment schemes. PACRA has established appropriate policies governing investments and trading in securities by its employees. PACRA may provide consultancy/advisory services or other services to any of its clients or to any of its clients' associated companies and associated undertakings that is being rated or has been rated by it. In such cases, PACRA has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities. PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and ii) fee mandate - signed with the payer, which can be different from the entity. PACRA ensures that the credit rating assigned to an entity or instrument should not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship.

Surveillance
 PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the rated entity/ issuer, the security arrangement, the industry etc, is disseminated to the market, in a timely and effective manner, after appropriate consultation with the entity/issuer. PACRA reviews all the outstanding ratings on annual basis or as and when required by any stakeholder (including creditor) or upon the occurrence of such an event which requires to do so. PACRA initiates immediate review of the outstanding rating(s) upon becoming aware of any information that may be reasonable be expected to result in any change (including downgrade) in the rating.

Reporting of Misconduct
 PACRA has framed and implemented whistle-blower policy encouraging all employees to intimate the compliance officer any unethical practice or misconduct relating to the credit rating by another employees of the company that came to his/her knowledge. The Compliance Officer reports to the BoD and SECP.

Confidentiality
 PACRA has framed a confidentiality policy to prevent abuse of the non-public information by its employees and other persons involved in the rating process, sharing and dissemination of the non-public information by such persons to outside parties. Where feasible and appropriate, prior to issuing or revising a rating, PACRA informs the issuer of the critical information and principal considerations upon which a rating will be based and provide the opportunity to clarify any likely factual misperception or other matter that PACRA would wish to be made aware of in order to produce a fair rating. PACRA duly evaluates the response. Where in a particular circumstance PACRA has not informed the entity/issuer prior to issuing or revising a rating, it informs the entity/issuer as soon as practical thereafter.

Prohibition
 None of the information in this document may be copied or otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's written consent. PACRA reports and ratings constitute opinions, not recommendations to buy or to sell.

[Probability of Default \(PD\)](#)
 PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e, probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past.