



The Pakistan Credit Rating Agency Limited

Rating Report

The Pakistan General Insurance Company Limited

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Rating History

Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
04-Oct-2025	BBB+ (ifs)	Stable	Initial	-

Rating Rationale and Key Rating Drivers

The Pakistan General Insurance Company Limited ("Pakistan General" or "the Company") has re-entered the revival phase. Mr. Shahzad Habib, the lead sponsor with substantial experience in the relevant field, along with the management, is making concerted efforts to re-establish the Company on its own feet. A Board has been established, comprising Executive, Non-Executive, and Independent members. A team of professionals has been inducted to head various functions of the Company. The envisaged strategy is to tap into existing relationships and bring growth to the Company. The Sponsors are committed to enhancing the equity, which is currently very humble. This may take some time. During CY24, the underwriting business volume was small, given the re-initiation of business activity. Other performance indicators were also reflective of the current stage of the Company's growth proposition. With the injection and enhancement of the capital, the Company will be able to exude stronger health. The Company's portfolio size remains comparatively small, i.e., at ~PKR 11mln, and trickling in from the motor segment only. The management is eyeing to take substantial steps to expand the segmental base, while minimizing the concentration risk. Going forward, generating profits from the core operations is important. At present, the Company's liquid investment book comprises ~PKR 50mln invested in PIBs and ~PKR 0.2mln invested in listed equity securities, to generate a supplementary income. The Company holds an equity base of ~PKR 557mln, and requires stringent efforts to manage SECP's requirement of enhancing the paid-up capital to ~PKR 2bln by 2030. Lately, Pakistan General has drafted a detailed strategy, with a defined timeline, for enhancing the Company's liquidity position through equity injection and other means. Moreover, the Company has improved its insurance panel. These are imperative to the assigned rating. However, the overall quantum of risk remains considerable.

The rating is dependent upon improved performance, and in turn the relative position of the Company. Moreover, resolution of compliance concerns related to financial transparency and qualified opinion. Additionally, the development of a liquid investment book, along with achieving breakeven from the core operations, is imperative. Maintaining a stable financial risk profile, with a strong emphasis on onboarding good quality reinsurers, is crucial.

Disclosure

Name of Rated Entity	The Pakistan General Insurance Company Limited
Type of Relationship	Solicited
Purpose of the Rating	IFS Rating
Applicable Criteria	Assessment Framework General Insurance(Mar-25),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study General Insurance(Jul-25)
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Profile

Legal Structure The Pakistan General Insurance Company Limited ("PGI" or "the Company") was incorporated in 1947 and is listed on the Pakistan Stock Exchange.

Background PGI was incorporated as a public limited company on July 26, 1947, and got listed on the PSX on July 25, 1995. In CY17, the Company was barred by the SECP from insurance activities due to undercapitalization, inefficient governance, and non-compliance with the regulatory framework. In CY24, the bar was lifted, and the Company began to underwrite insurance business.

Operations In CY24, the Company began offering insurance in the following sectors: fire and property, marine, motor, health, liability, micro, and miscellaneous with an interest in window takaful operations.

Ownership

Ownership Structure The sponsors previously acquired ~60.94% of the total stake; later in Oct-24, the sponsors further acquired ~23.77% stake in the Company. Now, ~84.71% stake is held by Mr M. Shahzad Habib and his family, including Mr. Ali Shahzad, Mr. Babar Shahzad, Bushra Shahzad and Nimra Shahzad. The remaining (~15.29%) stake is the free float.

Stability The Company's ownership is expected to remain stable going forward.

Business Acumen Mr. Shahzad began his career from EFU General in the early 90s. He holds over 3 decades of overall experience and left EFU General as the Head of South Punjab. The expertise and financial strength of the shareholders ensure the Company's stability.

Financial Strength The sponsors maintain a strong portfolio of properties, reflecting financial muscles to support the Company.

Governance

Board Structure Overall control of the Company vests with a seven-member Board (BoD) comprising 2 Non-Executive Director, 2 Executive Directors, and 3 Independent Directors. The composition ensures independence in the decision-making process.

Members' Profile Mr. Abrar Ahmed Cheema chairs the BoD and brings over 3 decades of experience in the banking and financial sector. Mr. M. Asad Jaweed, an Independent Director, brings over 3 decades of expertise related to the insurance and reinsurance sector. Other BoD members also diversified their experience, thus strengthening the overall oversight.

Board Effectiveness The BoD has constituted Audit, Investment, and Human Resource & Remuneration Committees chaired by Independent Directors. However, formally drafting the Terms of Reference (ToRs) for each committee would enhance the effectiveness.

Transparency M/s. Mushtaq & Co., the external auditor has issued a qualified report for CY24 as there are material uncertainty related to going concern of the Company due to negative operating cash flows of ~PKR 11.29mln. The firm is QCR-rated and has a "B" category of SBP panel.

Management

Organizational Structure The Company's organizational structure is hierarchical, where each department's head (except the Internal Audit's Head) reports to Mr. Ali Shahzad (COO) and Mr. Babar Ali (Executive Director), who in turn reports to the CEO. The Head of Internal Audit reports to the respective BoD committee, functionally, and to the CEO, administratively.

Management Team Mr. Abdul Haseeb was appointed as the CEO during the Company's restructuring to achieve compliance. He has over 3 decades of experience in the insurance sector. The team overseen by him possesses sound experience in relevant fields.

Effectiveness Anticipating the need for enhanced management efficacy is imperative for implementing and utilizing management committees.

MIS The Company has contracted Solution Experts to create a web-based management tool to aid decision-making, tackle business challenges, bolster controls, and improve customer service.

Claim Management System The Company has initiated the development of its claim management system that will generate the requisite reports, necessary for an effective and efficient process.

Investment Management Function The Company is in process of formally drafting the Investment Policy Statement.

Risk Management Framework The Company is in process of formally drafting the Risk Management protocols.

Business Risk

Industry Dynamics Pakistan's general insurance industry has a total size of ~PKR 214bln during CY24 (CY23: ~PKR 188bln), exhibiting a growth of ~14% in GPW. The industry reported an increase of ~70% in underwriting results (CY24: ~PKR 12bln, CY23: ~PKR 7bln). Overall, the investment income experienced an increase of ~34% to ~PKR 25.1bln during CY24 (CY23: ~PKR 19.1bln). However, current economic conditions remain imperative for the overall performance of the insurance industry.

Relative Position The Company is currently writing business in the motor segment only, and holds a miniscule market share.

Revenue In CY17, SECP barred the Company from conducting insurance activities due to inadequate capital level. In CY24, SECP lifted and reimposed the bar, and the Company generated a GPW of ~PKR 11mln. The motor portfolio remained primary contributor to GPW. Going forward, the management is eyeing to expand the revenue base, while minimizing the concentration risk.

Profitability In CY24, the Company reported a ~66% rise in underwriting results, and resulting in a loss of PKR 17mln (CY23: PKR 51mln), through minimizing underwriting expenses however premiums remained low. Investment income of ~PKR 9mln in CY24 (CY23: PKR 6mln), combined with poor underwriting performance lead to operating losses of ~PKR 7mln (CY23: PKR 45mln loss). With support from other income in CY24, the Company reported a PAT of PKR 32mln (CY23: PKR 70mln). Management of combined ratio requires attention, going forward.

Investment Performance The Company maintained an investment book of ~PKR 500mln in CY24 (CY23: ~PKR 417mln), mainly comprising the Investment Properties (~PKR 418mln), while ~PKR 51mln was invested in PIBs. Redrafting the investment book towards liquid avenues is important, going forward.

Sustainability Lately, PGI has drafted and shared a detailed strategy, with a defined timeline, for enhancing the Company's liquidity position through equity injection and other means. PGI has also improved its insurance panel. However, as the overall quantum of risk remains considerable.

Financial Risk

Claim Efficiency In CY24, the Company's outstanding claims stood at PKR 3mln. The net insurance claim expense reported at PKR 3mln, owing to the low underwriting business. The outstanding claims days stood at 183 days due to initial gestation phase. Efforts to improve the overall risk quantum are necessary to improve the Company's claim efficiency.

Re-Insurance Initially, the Company held re-insurance treaties for the motor segment only. Lately, the Company has signed reinsurance treaties for other segments, along with an enhancement in the panel, which now includes: Saudi Re (rated A- by S&P), Oman Re (rated BBB- by Fitch), SOPAC, CICA Re, Uzbekistan Re, Tunis Re and Global Re hold B category rating by A.M. Best. Going forward, the size of these treaties may improve, provided the Company overcomes the revival phase challenges.

Cashflows & Coverages The liquid investment book comprises ~16.4% of the total investment book. In CY24, the liquidity ratio (Liquid Asset/ Outstanding Claims IBNR) reported at 27.9x reflecting strong coverage against the outstanding claims. Enhancing the liquidity position may improve the overall cashflow position of the Company, going forward.

Capital Adequacy The Company meets the earlier MCR of ~PKR 500mln. Lately, as SECP has enhanced the capital requirement to PKR 2bln by 2030, a formal plan to achieve the desired level remains crucial for the Company.



PKR Mln

The Pakistan General Insurance Company Limited
Listed Public Limited

Dec-24	Dec-23	Dec-22	Dec-21
12M	12M	12M	12M
Audited	Audited	Audited	Audited

A BALANCE SHEET

1 Investments	500	417	306	311
2 Insurance Related Assets	11	-	59	71
3 Other Assets	8	4	9	7
4 Fixed Assets	197	165	105	119
5 Window Takaful Operations	-	-	-	-
Total Assets	716	586	478	508
1 Underwriting Provisions	11	-	-	-
2 Insurance Related Liabilities	13	-	29	29
3 Other Liabilities	20	16	6	9
4 Borrowings	-	-	-	-
5 Window Takaful Operations	-	-	-	-
Total Liabilities	44	16	36	38
Equity/Fund	672	570	443	470

B INCOME STATEMENTS**CONSOLIDATED INCOME STATEMENT**

1 Gross Premium Written/Gross Contribution Written	11	-	-	-
2 Net Insurance Premium/Net Takaful Contribution	8	-	-	-
3 Underwriting Expenses	(24)	(51)	(32)	(58)
Underwriting Results	(17)	(51)	(32)	(58)
4 Investment Income	9	6	6	6
5 Other Income / (Expense)	39	113	(3)	58
Profit Before Tax	31	68	(30)	5
6 Taxes	0	3	1	8
Profit After Tax	32	70	(29)	13

PARTICIPANTS' TAKAFUL FUND - PTF

1 Gross Contribution Written	-	-	-	-
2 Net Takaful Contribution	-	-	-	-
3 Net Takaful Claims	-	-	-	-
4 Direct Expenses Including Re-Takaful Rebate Earned	-	-	-	-
Surplus Before Investment & Other Income/(Expense)	-	-	-	-
5 Investment Income	-	-	-	-
6 Other Income/(Expense)	-	-	-	-
Surplus for the Period	-	-	-	-

OPERATOR'S TAKAFUL FUND - OTF

1 Wakala Fee Income	-	-	-	-
2 Management, Commission & Other Acquisition Costs	-	-	-	-
Underwriting Income/(Loss)	-	-	-	-
3 Investment Income	-	-	-	-
4 Other Income/(Expense)	-	-	-	-
Profit Before tax	-	-	-	-
5 Taxes	-	-	-	-
Profit After tax	-	-	-	-

C RATIO ANALYSIS

1 Profitability				
Loss Ratio - Net Insurance & Takaful Claims / Net Insurance Premium or Taka	39.1%	N/A	N/A	N/A
Combined Ratio (Loss Ratio + Expense Ratio)	320.8%	N/A	N/A	N/A
2 Investment Performance				
Investment Yield	2.0%	1.8%	1.9%	1.8%
3 Liquidity				
(Liquid Assets - Borrowings) / Outstanding Claims Including IBNR	27.9	N/A	N/A	N/A
4 Capital Adequacy				
Liquid Investments / Equity (Funds)	12.3%	8.1%	10.5%	10.4%

Insurer Financial Strength (IFS) Rating

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

Scale	Long-Term Rating
AAA (ifs)	Exceptionally Strong. Exceptionally Strong capacity to meet policy holders and contract obligations. Risk factors are minimal, and the impact of any adverse business and economic factors is expected to be extremely small.
AA++ (ifs)	Very Strong. Very Strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.
AA+ (ifs)	
AA (ifs)	
A++ (ifs)	Strong. Strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small.
A+ (ifs)	
A (ifs)	
BBB++ (ifs)	Good. Good capacity to meet policy holders and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be manageable.
BBB+ (ifs)	
BBB (ifs)	
BB++ (ifs)	Modest. Modest capacity to meet policy holders and contract obligations. Though positive factors are present, risk factors are relatively high, and the impact of any adverse business and economic factors is expected to be significant.
BB+ (ifs)	
BB (ifs)	
B++ (ifs)	Weak. Weak capacity to meet policy holders and contract obligations. Risk factors are high, and the impact of any adverse business and economic factors is expected to be very significant.
B+ (ifs)	
B (ifs)	
CCC (ifs)	Very Weak. Very weak capacity to meet policy holders and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors may lead to insolvency or liquidity impairment.
CC (ifs)	
C (ifs)	
D (ifs)	Distressed. Extremely weak capacity with limited liquid assets to meet policy holders and contract obligations, or subjected to some form of regulatory intervention or declared insolvent by the regulator.

Rating Modifiers | Rating Actions

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 some material identifiable event with indeterminable rating implications. 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 rating 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. 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) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Note: This scale is applicable to the General Insurance & Takaful Operator, and Life Insurance & Family Takaful Operator methodology

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2) Conflict of Interest

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- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee

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- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

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