

## Date

24-Nov-23

## Analyst

Faiqa Qamar  
faiqa.qamar@pacra.com  
+92-42-35869504  
www.pacra.com

## Applicable Criteria

- Methodology | General Insurance Rating | Mar-23
- Methodology | Rating Modifiers | Apr-23

## Related Research

- Sector Study | General Insurance | Jun-23

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## PACRA Maintains IFS Rating of Reliance Insurance Company Limited

Rating Type	IFS	
	Current (24-Nov-23 )	Previous (30-Dec-22 )
<b>Action</b>	Maintain	Initial
<b>IFS Rating</b>	A+ (ifs)	A+ (ifs)
<b>Outlook</b>	Stable	Stable
<b>Rating Watch</b>	-	-

In terms of Gross Premium Written (GPW), the general insurance industry has a total size of ~PKR 84bln during 6MCY23 (6MCY22: ~PKR 66bln), exhibiting a growth of ~28%. However, the underwriting performance of the industry witnessed a dip of ~72% and was reported at ~PKR 863mln during 6MCY23 (6MCY22: ~PKR 2.9bln). Investment income contributed to the industry's earnings reported at ~PKR 7.7bln during 6MCY23 (6MCY22: ~PKR 5.1bln). However, current economic conditions remain imperative for the overall performance of the insurance industry.

The assigned rating of Reliance Insurance Company Limited ("Reliance" or "the Company") derives strength from its adequate position in the insurance sector. Moreover, considerably strong sponsoring Groups - Al-Noor and Amin Bawany – add strength. Both Groups operate diversified businesses. Over time, the Company has shown organic growth with minimal reliance on captive business. Gross premium grew by ~30% during 6MCY23; mainly emanating from the Fire and Property (~52%) segment, followed by the Marine and Transport (~25%) segment. The Company's bottom line gathers further support from the growth in the investment portfolio's performance backed by the prevailing high interest rates. Investment income reported grew by ~124% during 6MCY23. Going forward, the Company aims to diversify its focus towards the motor insurance segment so as to support its market share. The financial risk profile is characterized by an adequate liquidity position backed by considerable liquid assets. Moreover, the Company maintains adequate risk appetite evident from the agreed treaties with credit-worthy and well-known reinsurers.

The rating is dependent on the Company's ability to improve its market position with continued profitability. The liquidity position and hence, financial risk profile should remain afloat with growth. Sustained underwriting profits remain crucial, going forward.

### About the Entity

Reliance Insurance Company Limited ("Reliance" or "the Company") was incorporated as a Public Listed Company (listed on PSX) in 1981. The Company operates as a general insurance company. The majority shares (~64%) of the Company are held by Al-Noor and Amin Bawany groups. Mr. Irfan Zakaria Bawany is the Chairman of the Board. Mr. A. Razak Ahmed is the Chief Executive and Managing Director of the Company. He is assisted by an experienced management team with over decades of experience.

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 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.