

Press Release

VIS Reaffirms IFS Rating of Reliance Insurance Company Limited

Karachi, December 30, 2022: VIS Credit Rating Company Limited (VIS) has reaffirmed the Insurer Financial Strength (IFS) rating of Reliance Insurance Company Limited (RICL) at 'A+ (IFS)' (Single A Plus IFS) with 'Stable' outlook. The rating denotes 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. The previous rating action was announced on March 31, 2022.

RICL primarily provides services in general insurance and Window Takaful Operations (WTO). The Company is sponsored by two industrial groups, Al-Noor Group and Amin Bawany Group, who are involved in the sugar, modaraba, board manufacturing and trading sectors. Recovery in gross written premium was witnessed during FY21 and 9MFY22. Some improvement was witnessed in underwriting performance during 9MFY22 while the bottom-line was supported by investment income. Profitability may be augmented by enhancing topline and investment income while controlling expenses and maintaining loss ratio within manageable limits.

The Company has sound reinsurance arrangements in place with well-reputed reinsurers and adequate risk retention. No major changes were witnessed in the treaties except for a capacity enhancement within the engineering segment. Meanwhile, the liquidity position remained strong on account of sizable liquid assets in relation to net technical reserves. The insurance debt in relation to gross premium increased in the outgoing year; the same trend has been witnessed at an industry level. The operating and financial leverage remained low reflecting cushion for growth in business volumes. Going forward, the impact of the mandatory implementation of IFRS 17 on capitalization metrics on the overall industry is yet to be seen.

For further information on this rating announcement, please contact Mr. Basel Ali Assad (Ext: 8003) or the undersigned (Ext: 207) at 021- 35311861-66 or email at info@vis.com.pk.

Sara Ahmed
Director

Applicable Rating Criteria: General Insurance (March 2022)
<https://vis.com.pk/kc-meth.aspx>

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