

**Date**

22-Nov-24

**Analyst**

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

**Applicable Criteria**

- Assessment Framework | General Insurance | Mar-24
- Methodology | Rating Modifiers | Apr-24

**Related Research**

- Sector Study | General Insurance | Jun-24

**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

**PACRA Maintains IFS Rating of Reliance Insurance Company Limited**

Rating Type	IFS	
	Current (22-Nov-24)	Previous (24-Nov-23)
Action	Maintain	Maintain
IFS Rating	A+ (ifs)	A+ (ifs)
Outlook	Stable	Stable
Rating Watch	-	-

Reliance Insurance Company Limited's ("Reliance" or "the Company") IFS rating derives strength from its association with the renowned sponsoring Groups, Al-Noor and Amin Bawany. Both Groups operate diversified businesses that add strength to the Company's overall policy framework. Reliance provides conventional insurance (~89% of the overall business), along with operating a Takaful window. Over time, the Company has shown organic growth with minimal support from captive business. Reliance's GPW (Gross Premium Written) grew in line with the industry, reflecting growth of ~29%, and majorly (~56.4%) trickling in from the fire segment only. Thus, the segmental concentration remains elevated. Core income remains steady; while a significant uptick in investment returns supplemented the Company's overall performance. This growth was attributed to the revival of the equity market, as the majority (~77%) of investment tilted towards equity instruments. The Company aims to diversify its focus towards the motor segment to support the market share and manage concentration. Moreover, the investment book might require attention according to the current shift in market returns. 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. Enhancing pure equity, though gradual, remains important to rating, going forward.

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 along with equity enhancement 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. Principal activity involves managing non-life insurance through conventional and window takaful operations in fire and property mainly.

The Company is majorly (~64%) owned by Al-Noor and Amin Bawany Groups. Mr. Irfan Zakaria Bawany chairs the Board; while, Mr. A. Razak Ahmed is the CEO/MD of the Company. He is assisted by an experienced management team.

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.