

# Press Release

## VIS Reaffirms IFS Rating of Reliance Insurance Company Limited

Lahore, January 2, 2024: 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 policyholders 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 December 30, 2022.

Rating assigned RICL derives strength from the sponsorship backing of two renowned industrial groups of the country, namely, the Al-Noor Group and the Amin Bawany Group, which have business interests in sugar, modaraba, board manufacturing and trading. The assigned rating also takes into account the stability and experience of the management team. On the other hand, the business risk profile of the insurance industry is currently elevated owing to ongoing and projected economic slowdown emanating from weakness in macro-economic performance. Nevertheless, the topline expanded during the rating review period on account of inflation adjustments to premium prices coupled with the onboarding of a major client in the motor segment. On the flipside, loss ratios were marked by weakening owing to rise in average claim size; nonetheless, net claim performance remained manageable. While the expense ratio depicted improvement due to higher net premium during the ongoing year, the same contributed to underwriting losses being registered. Nonetheless, underwriting performance exhibited improvement compared to SPLY. On the flip side, the bottom-line was supported by higher investment income on the back of increase in equity dividends coupled with healthy profit from WTO business.

In addition, the rating reflects the overall risk profile being supported by sound reinsurance arrangements with reputed international reinsurers. The rating remains sensitive to increase in overall risk retention levels coupled with sizable investment in equity portfolio entailing higher market risk. The overall liquidity profile, as exhibited by liquid asset coverage of net technical reserves and insurance debt relative to gross premium, remains sound. Capitalization levels, given underwriting losses, have shown slow growth but remain well placed in the peer group. Additionally, the aging of claims is healthy with no claim overdue for more than year at end of the outgoing year. Going forward, the rating will remain sensitive to the Company's ability to boost profitability metrics, particularly through enhanced underwriting performance, amidst the challenging market environment.

For further information on this ratings announcement, please contact Ms. Maham Qasim at 042-35723411-13 (Ext: 8010) or the undersigned at 042-35723411-13 (Ext: 8008) or email at [info@vis.com.pk](mailto:info@vis.com.pk).

Maimoon Rasheed  
Director

Applicable Rating Criteria: General Insurance (October 2023)

<https://docs.vis.com.pk/docs/GeneralInsurance-2023.pdf>

VIS Issue/Issuer Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

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