



Rating Action

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PACRA Maintains IFS Rating of East West Insurance Company Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of East West Insurance Company Limited (EWI) at "A-" (single A minus). The rating denotes strong capacity to meet policyholder and contract obligations. At the same time, risk factors are considered moderate, and the impact of adverse economic factors is expected to be limited.

The rating reflects EWI's strong risk absorption capacity, reflected in comparatively higher solvency and liquidity profile. Although the company's underwriting performance has been impacted due to decline in business and a slight increase in loss ratio, the investment income, to some extent, supported the bottomline. The gradual rationalization of investment portfolio with more focus on low risk avenues is likely to continue supplementing EWI's profitability. In the wake of pressure on GPW expansion, EWI has strengthened its marketing function though the related benefits are yet to be seen.

The rating is dependent on the management's ability to withstand pressure on topline, in the context of intense competition in the insurance industry. For this, formulation and adoption of a cohesive strategy, including strengthening of MIS, is vital for the company's business.

About the company:

EWI commenced commercial operations as a general insurance company in 1983 and is listed on the Karachi Stock Exchange. Yunus family effectively holds the majority shareholding in the company. The family also controls majority stake in East West Life Assurance Company Limited.

EWI's board of directors comprises seven members, including the managing director. Chief Justice (Retired) Mian Mehboob Ahmad, is the Chairman of BoD. The rest of the board is dominated by the sponsors, with five of the remaining six members including the MD, belonging to the Yunus family. Mr. Naved Yunus, Managing Director, is assisted by a team of experienced professionals. Moreover, two Executive Directors, Mr. Javed Yunus and Mr. Pervez Yunus, are involved in managing EWI's operations in the North and Punjab regions of the country, respectively.

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