



Rating Action

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PACRA MAINTAINS IFS RATING OF ASKARI GENERAL INSURANCE COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the IFS rating of Askari General Insurance Company Limited (AGICO) at "A" (Single A). The rating denotes strong capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small.

The rating reflects AGICO's improved underwriting performance achieved through reprofiling of the company's business mix in favor of quality portfolio. The management, while eyeing growth, intends to be prudent in underwriting standards. The rating takes into account the company's strong control environment enabled through recently implemented real time core software providing tools for holistic oversight and efficient decision making. The investment book of the company, while expanding absolute size, has moved towards low risk liquid avenues. This rationalizing of investment book brings stable income stream, supplementing underwriting operations. The association of the company with 'Askari' brand is also a rating consideration.

The rating is dependent on the company's success in upholding the trend in its improving underwriting profitability. At the same time, gradual improvement in AGICO's solvency position in line with its business growth remains critical. The company's insurance related receivables have swelled, recovery of which is crucial.

About the company

Askari General Insurance Company Limited (AGICO), listed on all three bourses of the country, commenced commercial operations in 1995. The company operates via nationwide network of over 19 branches with head office in Rawalpindi. Army Welfare Trust (AWT) and Askari Bank Limited holds 32% and 27% ownership stake in the company, respectively. AWT, established in 1971, is engaged in banking, insurance, cement, sugar, textile, and travel services. However, AWT is considering to divest some of these assets.

AGICO's eight-member BoD, excluding the CEO, is led by Lt. Gen. (R) Imtiaz Hussain. The board includes retired army officials, senior executives of Askari Bank Limited and two independent members. The CEO - Mr. Abdul Waheed, CPA (USA) - has assumed this position in July 2010. Previously he has experience of leading another financial institution. A team of professionals, some of whom have recently joined AGICO, assists the CEO.

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