



Rating Action

Lahore : 24-Mar-2015

Analyst

Syeda Rabia Ahmed
(+92-42-35869504)
rabia.ahmed@pacra.com
www.pacra.com

PACRA Upgrades the IFS Rating of Crescent Star Insurance Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the Insurer Financial Strength (IFS) rating of Crescent Star Insurance Limited (CSI) to "A-" (Single A minus) [Previously "BBB+" Triple B plus]. The rating denotes strong capacity of the company to meet policyholder and contractual obligations.

The rating reflects management's ability to execute the business plan reflected in the growing GPW of the company. The realigned organizational structure alongwith strengthened sales team, extended branch network, refined systems and control provided impetus to the business growth. The company's underwriting operations are currently depressed due to expenses being incurred for expansion. With rise in volumes, this is expected to show improvement. CSI's strategy is to build volumes through small-sized auto and health risks; mainly through tie ups with financial and corporate entities. Meanwhile, it is eyeing gradual penetration into conventional fire and marine segments. The company's liquidity profile lags other indicators - hence an area of concern. The management is committed to an articulate plan to gradually beef it up primarily through sale of its real estate assets.

The rating is dependent on the company's ability to achieve growth and sustainability in GPW, translating into profits from core underwriting business. At the same time, committed augmentation to liquidity is critical. The company is also planning certain non-insurance strategic investments; however, requisite funding would be mainly through fresh money without diluting CSI's operational liquidity.

About the Company: CSI, having commenced operations in 1957, is listed on Karachi and Lahore Stock Exchanges, and operating through a network of 12 branches. The company is 76% owned by Mr. Naim Anwar and associates, who is also Managing Director (MD) of CSI. The company is building its business size in auto segment with more focus on other lines of insurance, going forward.

The overall control of the company vests in seven members BoD including the MD. The chairman of the board and MD, Mr. Naim Anwar, has been in the general insurance industry for over two decades. CSI has recently appointed Mr. Akbar Naqi Zaidi as DMD - particularly to oversee company's business development department.

Applicable Criteria and Related Research

- Insurance | General - Viewpoint | Nov-13
- Insurer Financial Strength Rating Methodology

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.

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.