



Rating Action

Lahore : 30-Nov-2011

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PACRA MAINTAINS IFS RATING OF TPL DIRECT INSURANCE LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of TPL Direct Insurance Limited (TDIL) 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 and economic factors is expected to be limited.

The rating reflects TDIL's business strategy to capture a sizable share in a developing market niche - personal lines insurance - supported by robust technology platform, and quality systems and processes. The business model envisages use of advanced technology and comprehensive evaluation of risk prior to writing it. TDIL's profitability, currently limited, is expected to improve mainly on account of targeted expansion in the product mix. The ease in the financial risk profile of TDIL, following injection of fresh capital, is a key rating consideration.

About the company : TPL Direct Insurance Limited (TDIL), formed in 1992 as Jupiter Insurance, was acquired by TPL Holdings in 2005. TDIL, listed on KSE since September 2011, has exclusive focus on personal lines insurance. Currently, the company operates largely in motor insurance segment, while slowly diversifying into other personal insurance businesses (travel and health). TDIL is subsidiary of TPL Trakker Limited - Pakistan's first and the largest vehicle tracking and fleet management company. Other group companies include TPL Properties (Private) Limited, which has got requisite funding to complete a 28 storey commercial building in Karachi - Centre Point - targeted for completion within 2012.

TDIL's board of directors comprises seven members, including the Chief Executive Officer. The Chairman of the board, Mr. Jameel Yusuf - Sitara-e-Shujaat - is head of the key sponsoring family. The recent listing, first of any company from the group, is expected to augur well for governance framework as well. The CEO, Mr. Saad Nissar, has played a pivotal role in establishing the group's franchise while being associated with the group since 2000. He took this position in 2009. He is an MBA from IBA.

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