



The Pakistan Credit Rating Agency Limited

# ATLAS INSURANCE LIMITED (AIL)

## IFS RATING REPORT

	<b>NEW</b> <b>[OCT-17]</b>	<b>PREVIOUS</b> <b>[MAR-17]</b>
Insurer Financial Strength (IFS) Rating	AA	AA
Outlook	Stable	Stable

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OCTOBER 2017





<b>BALANCE SHEET</b>	<b>1HCY17</b>	<b>CY16</b>	<b>1HCY16</b>	<b>31-Dec-15</b>
	<b>6M</b>	<b>Annual</b>	<b>6M</b>	<b>Annual</b>
<b>Investments</b>				
Liquid Investments	2,398	2,622	1,969	2,316
Other Investments	236	236	226	236
	<u>2,635</u>	<u>2,859</u>	<u>2,195</u>	<u>2,553</u>
Insurance Related Assets	936	622	1,040	656
Other Assets	715	796	896	588
<b>TOTAL ASSETS</b>	<u>4,285</u>	<u>4,278</u>	<u>4,130</u>	<u>3,797</u>
Equity	1,922	2,047	1,738	1,846
Underwriting Provisions	1,063	1,078	1,227	845
Insurance Related Liabilities	859	738	777	796
Other Liabilities	441	415	389	310
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>4,285</u>	<u>4,278</u>	<u>4,130</u>	<u>3,797</u>

<b>INCOME STATEMENT</b>	<b>1HCY17</b>	<b>CY16</b>	<b>1HCY16</b>	<b>31-Dec-15</b>
<b>Gross Premium Written (GPV)</b>	<b>1,197</b>	<b>2,334</b>	<b>1,336</b>	<b>1,964</b>
Net Premium Revenue (NPR)	619	1,044	485	959
Net Claims	(202)	(269)	(108)	(204)
Net Operational Expenses	(162)	(338)	(187)	(333)
<b>UNDERWRITING RESULTS</b>	<b>254</b>	<b>437</b>	<b>190</b>	<b>422</b>
Investment Income	231	466	246	364
Other Income/ (expense)	5	15	8	12
<b>PROFIT BEFORE TAX</b>	<b>490</b>	<b>919</b>	<b>444</b>	<b>798</b>

<b>RATIO ANALYSIS</b>	<b>1HCY17</b>	<b>CY16</b>	<b>1HCY16</b>	<b>31-Dec-15</b>
<b>Underwriting Results</b>				
Loss Ratio	33%	26%	22%	21%
Combined Ratio	86%	71%	74%	69%
<b>Performance</b>				
Operating Ratio	48%	25%	22%	30%
Investment Yield	23%	24%	0%	15%
<b>Liquidity &amp; Solvency</b>				
Liquidity Ratio – times	6.1	6.9	4.6	5.5



**RATING SYMBOLS & DEFINITIONS:**

**INSURER FINANCIAL STRENGTH (IFS)  
RATING SCALE & DEFINITIONS**

Insurer Financial Strength (IFS) rating reflects forward-looking opinion on relative ability of the insurance company to meet policyholders and contractual obligations.

RATING SCALE	DEFINITION
<b>AAA</b>	<b>Exceptionally Strong.</b> Exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small.
<b>AA+</b> <b>AA</b> <b>AA-</b>	<b>Very Strong.</b> Very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small
<b>A+</b> <b>A</b> <b>A-</b>	<b>Strong.</b> 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.
<b>BBB+</b> <b>BBB</b> <b>BBB-</b>	<b>Good.</b> Good capacity to meet policyholder and contract obligations. Although risk factors are somewhat high, and the impact of any adverse business and economic factors is expected to be manageable.
<b>BB+</b> <b>BB</b> <b>BB-</b>	<b>Moderately Weak.</b> Moderately weak with an uncertain capacity to meet policyholder and contract obligations. Though positive factors are present, overall risk factors are high, and the impact of any adverse business and economic factors is expected to be significant.
<b>B+</b> <b>B</b> <b>B-</b>	<b>Weak.</b> Weak capacity to meet policyholder and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors is expected to be very significant.
<b>CCC</b> <b>CC</b> <b>C</b>	<b>Very Weak.</b> Very weak with a very poor capacity to meet policyholder and contract obligations. 'CCC': Risk factors are extremely high, and the impact of any adverse business and economic factors is expected to be insurmountable. 'CC': Some form of insolvency or liquidity impairment appears probable. 'C': Insolvency or liquidity impairment appears imminent.
<b>D</b>	<b>Distressed</b> Extremely weak capacity with limited liquid assets to meet policyholders and contractual obligations, or subjected to some form of regulatory intervention and declared insolvent by the regulator.

**Outlook (Stable, Positive, Negative, Developing)**

Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

**Rating Watch**

Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating Watch may accompany Outlook of the respective opinion.

**Suspension**

It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future, but may stay in abeyance for long. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

**Withdrawn**

A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, or c) the rating remains suspended for six months.

**Disclaimer:** PACRA's IFS rating does not constitute any form of guarantee of the ability of the insurance company to meet policyholders' obligations; nor does it constitute a recommendation to effect or discontinue any policy of insurance. PACRA's rating 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.



**Name of Issuer**  
**Sector**  
**Type of Relationship**

Atlas Insurance Limited  
 General Insurance  
 Solicited

**Purpose of the Rating**

Independent Risk Assessment

**Rating History**

Date	Rating	Outlook	Action
28-Sep-17	AA	Stable	Maintain
10-Mar-17	AA	Stable	Upgrade
30-Dec-16	AA-	Stable	Maintain
31-Dec-15	AA-	Stable	Maintain
07-Jan-15	AA-	Stable	Maintain

**Related Criteria and Research**

Rating Methodology  
 Sector Research

Insurer Financial Strength Rating  
 Insurance | General - Viewpoint | Nov-16  
 Takaful | General - Viewpoint | Mar-16

**Rating Analysts**

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[Rating Team Statement](#)

**Rating Procedure**

Rating is an opinion on relative credit worthiness of an entity or debt instrument. It does not constitute recommendation to buy, hold or sell any security. The rating team for this assignment does not have any beneficial interest, direct or indirect in the rated entity/instrument.

[Disclaimer](#)

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 PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and ii) fee mandate - signed with the payer, which can be different from the entity  
 PACRA ensures that the credit rating assigned to an entity or instrument should not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship

**Surveillance**

PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the rated entity/ issuer, the security arrangement, the industry etc, is disseminated to the market, in a timely and effective manner, after appropriate consultation with the entity/issuer  
 PACRA reviews all the outstanding ratings on annual basis or as and when required by any stakeholder (including creditor) or upon the occurrence of such an event which requires to do so  
 PACRA initiates immediate review of the outstanding rating(s) upon becoming aware of any information that may be reasonable be expected to result in any change (including downgrade) in the rating

**Reporting of Misconduct**

PACRA has framed and implemented whistle-blower policy encouraging all employees to intimate the compliance officer any unethical practice or misconduct relating to the credit rating by another employees of the company that came to his/her knowledge. The Compliance Officer reports to the BoD and SECP

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 Where feasible and appropriate, prior to issuing or revising a rating, PACRA informs the issuer of the critical information and principal considerations upon which a rating will be based and provide the opportunity to clarify any likely factual misperception or other matter that PACRA would wish to be made aware of in order to produce a fair rating. PACRA duly evaluates the response. Where in a particular circumstance PACRA has not informed the entity/issuer prior to issuing or revising a rating, it informs the entity/issuer as soon as practical thereafter

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[Probability of Default \(PD\)](#)

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