

**Date**

29-Jun-20

Analyst

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Applicable Criteria

- PACRA_Methodology_LI | Jun-19

Related Research

- Sector Study | Life Insurance | Jun-19

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PACRA Maintains IFS Rating of IGI Life Insurance Company

Rating Type	IFS	
	Current (29-Jun-20)	Previous (27-Dec-19)
Action	Maintain	Maintain
Long Term	A+	A+
Short Term	-	-
Outlook	Stable	Stable
Rating Watch	-	-

Packages Group, with the brand of IGI, has been operating in the industry since 1953. IGI has been a step towards holistic presence in insurance industry - General as well as life. This is unlocking synergistic benefits. The market share of the company has been stagnant, owing to change in the business strategy: to reduce dependence on the single premium and shift towards the regular premium. The high expenses related to the launch of 'Vitality' and updated IT infrastructure has led to a falling bottom-line. The company has beefed up its equity through the issue of right shares reflected in Dec-2019 financials. Going forward, IGI Life aims to improve penetration in the market, on the back of expansion in branch network and gradually building up portfolio through a range of products. The company's association with Packages Group engenders sound governance framework remains a key rating factor.

Prior to COVID-19, the life insurance industry witnessed minuscule growth of 1% YoY as single premium declined due to multiple factors. The current pandemic has further affected the life insurance industry, with the growth expected to plummet. Additional reduction in investment linked policies and heightened claims are expected. Moreover, increase in surrenders is likely as a result of economic stagnation. The large investment book is however likely to cushion any impact. The industry intends to sustain its existing position while aiming to launch innovative products. The rating is dependent on sustained improvement in business and financial risk profile of the company in line with its relative positioning within the industry. At the same time, the improved equity and liquidity profile should be sustained to cushion the policyholder's liabilities. The performance of 'Vitality' remains essential.

About the Entity

IGI Life Insurance Limited (IGILife), a quoted public company, listed on the Pakistan Stock Exchange, started its operations in May-1995. With its head office in Karachi, the company operates through three business Hubs - South, Central and North - with a total of 24 branches. IGILife is majority owned by IGI Holdings.

The overall control of the company vests in seven-member board of directors. Mr. Syed Hyder Ali, the CEO of the company since Apr-14, carries more than three decades of experience in different industries. Currently, he is also serving as CEO of Packages Limited. Mr. Tahir Masud and Mr. Ali Nadim in their roles as, Head of Business & Operations and COO, respectively, provide vital insight and guidance in the affairs of the company. They are assisted by a team of experienced professionals.

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

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