

Date

26-Jun-23

Analyst

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Applicable Criteria

- Methodology | Rating Modifiers | Jun-22
- Methodology | Life Insurance Rating | Mar-23

Related Research

- Sector Study | Life Insurance | Jun-22

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PACRA Maintains IFS Rating of IGI Life Insurance Company

| Rating Type | IFS | |
|---------------------|-------------------------|--------------------------|
| | Current (26-Jun-23) | Previous (29-Jun-22) |
| Action | Maintain | Maintain |
| IFS Rating | A++ (ifs) | A++ (ifs) |
| Outlook | Stable | Stable |
| Rating Watch | - | - |

The rating derives assurance from IGI Life Insurance Company's association with "Packages Group" as well as the Company's strong governance structure. Packages Group, with the brand "IGI", has been operational in the industry since 1953. "IGI" has been a step towards a holistic presence in the insurance industry – General as well as Life, gaining synergistic benefits. Despite facing a challenging operating environment, the Company made strategic decisions to optimize its risk profile by selectively underloading certain business in CY22. This proactive approach aimed to strengthen the overall portfolio's risk profile and ensure sustainable growth in the long term. The underwriting performance of the entire industry was impacted by the complex operating conditions. However, the Company's prudent risk management practices demonstrate its commitment to maintaining a robust and resilient business model. The Company successfully transformed its operational losses into profits, reporting a profit in CY22 and continuing this positive trend in 1QCY23. This significant turnaround reflects the Company's effective strategies and diligent efforts in improving its financial performance. Looking ahead, the Company is confident in sustaining its profitability in CY23, further demonstrating its commitment to long-term growth and stability. Going forward, IGI Life aims to improve the profitability of the Company, by closing down its loss-making branches and gradually building up its portfolio through product diversification. The Company has an investment portfolio of PKR 18,923mln and equity of PKR 1,751mln as at Mar'23.

During FY23, Pakistan's Life Insurance sector faced challenges due to an unexpected rise in inflation which led to a decrease in disposable incomes. To adapt, sector players shifted their focus from first-year persistency to second year, prioritizing top-line growth. During the said period, unit-linked products remained attractive, offering fixed-rate investment opportunities amidst high policy rates. The sector's outlook is expected to remain Stable, supported by investment income in the next financial year. However, muted economic growth could adversely impact the sector if not timely mitigated.

The rating is dependent upon sustained improvement in the business and financial risk profile of the Company, in line with its relative positioning within the industry. Concurrently, improved equity and liquidity profile should be maintained, in order to cushion the policyholder's liabilities. The performance of 'Vitality' remains essential.

About the Entity

IGI Life Insurance Limited (IGI Life), a quoted public company, listed on the Pakistan Stock Exchange, started its operations in May'95. With its head office in Karachi, the Company operates through three business Hubs – South, Central and North – with an operational network of 18 branches. The majority ownership of IGI Life is held by IGI Holdings.

The overall control of the Company vests in a seven-member board of directors. Mr. Shamim Ahmed has maintained his position as the Chairman of the BoD. Mr. Ali Nadim has been appointed the CEO of the Company since May'23. Mr. Ali Nadim has been associated with the Company for half a decade, previously serving as the Deputy CEO. He holds a Bachelor of Science degree with Joint Honors in Actuarial Science and Statistics, and he is also a Fellow of the Society of Actuaries, USA. He is assisted by a team of experienced professionals

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