

## Date

07-Feb-24

## Analyst

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## Applicable Criteria

- Methodology | General Insurance Rating | Mar-23
- Methodology | Rating Modifiers | Apr-23

## Related Research

- Sector Study | General Insurance | Jun-23

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## PACRA maintains the IFS rating of Askari General Insurance Company Limited

Rating Type	IFS	
	Current (07-Feb-24)	Previous (14-Feb-23)
Action	Maintain	Maintain
IFS Rating	AA+ (ifs)	AA+ (ifs)
Outlook	Stable	Stable
Rating Watch	-	-

Pakistan's general insurance industry has a total size of PKR 166bln during 9MCY23 (9MCY22: PKR 113bln), exhibiting a growth of ~47%, in terms of Gross Written Premium (GWP). The industry reported a growth of ~266% in underwriting results (9MCY23: PKR 9.9bln, 9MCY22: PKR 2.7bln). The net income of the industry also experienced an increase of ~170% to PKR 20bln during 9MCY22 (9MCY22: PKR 7.4bln). Overall, the industry overall outlook remains stable with substantial liquidity available with players.

Askari General Insurance Company Limited ('Askari General' or 'the Company') holds a stable risk profile. The Company's topline (GPW) gathered some support from business volumes, however, grew by inflationary impact. During 9MCY23, the Company earned GPW of ~PKR 4,241mln (incl takaful) owing ~36% growth on YoY basis (9MCY22: ~PKR 3,127mln). Accident and Health segment contributed ~51% followed by motor ~26%, fire and property ~19%, miscellaneous ~16% and marine and transport ~9% the total GPW. Underwriting performance showed a weak trend, despite a strategy revamp towards augmenting the bottom-line. The management efforts for sustaining the overall quality of the control environment are supported by the real-time operating software. This provides tools for holistic oversight and efficient decision-making. A subsidiary, AskTech, a venture focused on vehicle tracking solutions, has been set up to yield technological synergies; this is expected to create diversification by enhancing customer experience. The Company's fully functional android and IOS-based mobile app - Ask Health enhanced communication and coordination, facilitated through a 24/7 call center and brought a reduction in Turn Around Time (TAT) in claims processing; therefore, attracting a customer base. However, the impact did not trickle to Company's bottom-line in health segment. The sustained liquidity profile provides a cushion to the risk absorption capacity. Askari General continues to have a sound panel of reinsurers with favorable treaty terms. Going forward, the management intends to fortify the Company's position in non-conventional segments, while using alternative distribution channels. The rating, likewise, takes into account Askari General's association with Army Welfare Trust (AWT).

The rating is dependent on the Company's ability to sustain its market share and profitability from the core business along with stable investment income. At the same time, the proportional improvement must be recorded in its liquidity.

### About the Entity

Askari General Insurance Company Limited ("Askari General" or "the Company") was incorporated in Apr-95. Later, in 1996 the Company was listed on Pakistan Stock Exchange. The principal activity includes managing non-life insurance through Conventional and Window Takaful in Fire and Property, Marine, Accident and Health, Motor and Crop segments.

Major stake of the Company lies with the Army Welfare Trust (~59%). While, Individuals hold (~31.6%), Financial Institutions hold (~0.01%) and Mutual Funds hold (~1.08%). The remaining stake is held by others (~8%). The Company's Board is chaired by Lt. Gen Nauman Mahmood (Retd), while Mr. Abdul Waheed serves as the CEO. He is assisted by a team of professionals.

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