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Applicable Criteria

- General Insurance and Takaful Operator (Jun 16)
- Rating Modifiers | Outlook and Rating Watch (Jun 16)

Related Research

- Sector Study | General Insurance (Nov 16)

PACRA Upgrade IFS Rating of Alfalah Insurance Company Limited

Rating Type	Insurer Financial Strength(IFS)	
	Current (10-Mar-2017)	Previous (01-Dec-2016)
Action	Upgrade	Maintain
IFS Rating	AA-	A+
Outlook	Stable	Stable
Rating Watch	-	-

The rating captures the strength of the business profile of Alfalah insurance with noticeable growth in non-captive business. The company has outpaced GPW growth of the industry while keeping the underwriting performance intact. The management’s conservative stance, in the form of low risk retention, continues yielding profitability. The rating takes comfort from the robust control environment of Alfalah Insurance enabling efficient monitoring and performance evaluation of the core business in a wholesome manner. The company has been able to attract market attention through introducing innovative product in in health and accident segment and intends to fortify its position in the general insurance industry by diversifying its product mix. The company is aiming penetration in motor segment; building synergies with group bank – Bank Alfalah. The rating recognizes the company’s efforts to build a sound investment book over the years comforting its financial risk profile. Currently, the liquidity profile is robust; however, needs to be monitored carefully as the company takes the trajectory of growth. Supporting its prudent risk retention policies, Alfalah Insurance has a sound panel of reinsurers with favourable treaty terms. The rating considers Alfalah Insurance association with Abu Dhabi group which, along with sustained captive business, ensures sound governance.

The rating is dependent on the company's ability to augment its market position in the competitive landscape, while upholding the underwriting performance. Strengthening of liquidity profile is vital along with prudent management of claims and receivables.

About the Entity

Alfalah Insurance Company Limited, commencing business in Sep'06, is engaged in providing nonlife insurance services. Alfalah Insurance, with its head office in Lahore, operates through two business Hubs North and South with a total of 12 branches. Abu Dhabi Group (ADG), consisting of members of UAE's ruling family and leading businesses, owns Alfalah insurance through key sponsoring individuals and group companies including Bank Alfalah Limited. Bank Alfalah is the sixth largest bank having assets at end-Dec’16 of PKR 917bln.

The company’s seven member board, including CEO, is chaired by HH Sheikh Nahayan Mabarak Al Nahayan. Three board members come from the sponsoring group; two members represent Bank Alfalah Limited, while one member holds executive position in ADG. The CEO, Mr. Nasar-us-Samad Qureshi, assisted by a team of professionals, possesses around three decades of related experience.

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