RATING REPORT

IGI General Insurance Limited

REPORT DATE:
February 26, 2025

RATING ANALYSTS:
Musaddeq Ahmed Khan
musaddeq@vis.com.pk

RATING DETAILS		
Rating Category	**Latest Rating**	**Previous Rating**
Insurer Financial Strength	AA+ (IFS)	AA+ (IFS)
Rating Date	*26th February, 2025*	*22th December, 2023*
Rating Outlook/ Rating Watch	Stable	Stable
Rating Action	Reaffirmed	Reaffirmed

COMPANY INFORMATION	
Incorporated in 2016	**External auditors:** M/s A.F. Ferguson & Co. Chartered Accountants
Public Limited Company	**Chairman of the Board:** Mr. Shamim Ahmad Khan
Key Shareholders (with stake 5% or more):	**Chief Executive Officer:** Mr. Faisal Khan
IGI Holdings Limited – 100%	

APPLICABLE METHODOLOGY(IES)
Applicable Rating Criteria: General Insurance
https://docs.vis.com.pk/docs/GeneralInsurance-2023.pdf

APPLICABLE RATING SCALE(S)
VIS Issue/Issuer Rating Scale:
https://docs.vis.com.pk/docs/VISRatingScales.pdf

IGI General Insurance Limited

RATING RATIONALE

Rating assigned to IGI derives strength from association with its primary shareholder, IGI Holdings that hold 100% stake in the Company. The rating also reflects the Company's market positioning as one of the largest private sector insurance Company, with a market share of 7.2%, in Pakistan. The Company's GWP increased in the review period driven by all segments. Profitability of the Company improved during CY23 and 9MCY24 on the back of higher investment income coupled with an uptick in the underwriting profits.

Assigned rating also factor in reinsurance arrangements largely with counterparties having sound credit risk profiles with appropriate risk retention on net account to maintain risk appetite of the Company. Assigned rating also accounts for the stability and expertise of the management team in the insurance sector. Conservative investment mix continues to support the rating. On the other hand, the insurance debt in relation to gross premium has largely remained range bound and commensuarte with the assigned rating. The aging of receivables is considered satisfactory. Moreover, the rating remains sensitive to higher operating leverage in line with growth in operating scale and limited growth in equity base. Going forward, achieving growth in market share while maintaining loss ratios, underwriting quality and profitability metrics would remain an important rating driver.

Insurance Sector Update

Global Overview

The global insurance industry has demonstrated remarkable resilience and adaptability amidst evolving macroeconomic conditions and heightened geopolitical tensions. In 2023, the industry recorded its strongest growth since 2006, expanding by 7.5%. Global premiums reached USD 7.2 trillion, divided among life insurance (USD 2.8 trillion), property and casualty (P&C) (USD 2.1 trillion), and health insurance (USD 1.4 trillion).

Regional market dynamics underscore significant variances in growth. North America continues to dominate the P&C and health insurance segments, contributing 54.2% and two-thirds of global premiums, respectively. The Asia-Pacific region led the recovery in life insurance, buoyed by China's post-pandemic rebound (7.7% growth) and India's exceptional growth trajectory of 13.6%. In Europe, life insurance premiums grew by 3.3% in 2023 after a contraction in 2022, though challenges persist, including a heavy reliance on single-premium products.

Sustainability and ESG (Environmental, Social, and Governance) integration have become central to insurers' strategies, with almost all firms embedding sustainability goals into their investment portfolios. Clean energy and transition technologies are particularly prominent themes. Technological innovation, especially through artificial intelligence (AI), is disrupting traditional insurance processes. AI is now critical for underwriting, claims management, and risk modeling, while Insurtech advancements enable real-time customer engagement and personalized products. Capital management strategies are also evolving in response to macroeconomic changes. Higher interest rates have improved investment yields, prompting insurers to increase allocations to private markets and alternative assets, such as infrastructure debt. Liquidity management remains a top priority as insurers strive to balance portfolio diversification with maintaining stable risk levels. Meanwhile, regulatory developments and geopolitical tensions are among the top macroeconomic concerns for insurers, further complicated by diverging monetary policies across regions.

Looking ahead, the global insurance market is projected to grow at an annual rate of 5.5% over the next decade, with life and health insurance driving much of this expansion. Asia is expected to remain the primary growth engine, accounting for nearly half of the absolute premium increase. However, the industry must address key challenges, such as balancing insurability and affordability amidst rising climate and cyber risks, tackling inequalities exacerbated by demographic and economic shifts, and adapting to regulatory changes in a fragmented geopolitical environment.

Local Overview

The insurance sector in Pakistan, demonstrates a complex and evolving landscape. The industry is divided into life and non-life insurance segments, with significant contributions from both conventional and takaful (Islamic insurance) operations. However, insurance penetration remains low, at 0.79% of Gross Domestic Product (GDP). In 2023, the

OVERVIEW OF THE INSTITUTION

IGI General Insurance Limited (IGI) was incorporated as a public limited company in 2016, under the Companies Ordinance, 1984. Primary business of the company includes provision of both general insurance and window takaful operations. IGI commenced its window takaful operations with effect from July 2017. The company has a registered office situated in Karachi and operates through a network of nine branches nationwide.

Profile of Chairman:

Mr. Shamim Ahmad Khan is associated with the Company as a Non-Executive Director, He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan (SECP) and Ministry of Commerce (MoC).

Profile of CEO:

Mr. Faisal Khan is a seasoned executive with a background in the insurance industry. His career with IGI began in April 2006, where he progressively advanced through leadership roles, including Head of Underwriting, Reinsurance and Risk Management until January 2024. Prior to joining IGI, he honed his risk management skills as a Risk Engineer at Jubilee General Insurance from 2004 to 2006. His *educational foundation is in Civil Engineering, from NED University of Engineering and Technology in Karachi.*

life insurance sector reported a gross premium of Rs 404b, with claims paid amounting to PKR289b. Health policies dominated the product distribution, constituting 41% of the total premium, followed by participating policies at 30% and unit-linked policies at 23%. The non-life insurance sector, on the other hand, recorded a gross premium of PKR227b, with claims paid totaling PKR84b. Fire and property damage insurance accounted for the largest share of the premium at 31%, followed by motor insurance at 20% and engineering insurance at 16%.

The financial performance of the sector highlights a substantial Investment Income, with the life insurance segment reporting total assets of PKR2,518b and investments of PKR1,911b. The non-life insurance segment also showed strong financial health, with total assets of PKR381b and investments of PKR145b. The takaful sector, although smaller, shows promising growth potential, particularly in the family takaful segment, which contributed 35% of the total private sector premium. The general takaful segment accounted for 11% of the total non-life insurance industry premium.

Challenges facing the sector include low motor insurance adoption, limited local reinsurance capacity, and a shortage of skilled human resources. The SECP's strategic plan underscores the importance of adopting IFRS-17 by January 2026, embracing technological advancements, strengthening legislative frameworks, and enforcing compulsory insurance schemes to tackle current challenges. Overall, the insurance sector in Pakistan is poised for potential growth, driven by both conventional and takaful operations. The industry's financial stability, coupled with strategic initiatives by the SECP, positions it well for future expansion and increased penetration in the national economy.

Strong Sponsor Support

IGI Holdings Limited (IGI Holdings) holds 100% stake in IGI General Insurance Limited (IGI). IGI Holdings is associated with Packages Group, a diversified conglomerate with strong financial strength, holding investments in companies that have presence in the manufacture and sale of packaging material, paper, paperboard and corrugated boxes, biaxial oriented polypropylene film and cast polypropylene film, inks, production and sale of ground calcium carbonate products, and companies engaged in insurance (life and non-life), stock brokerage and real estate businesses.

Auditor's Opinion

A.F. Ferguson & Co., Chartered Accountants has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of December 2023.

Digitization Initiatives

Key upgrades include the implementation of ERP database encryption and a suite of applications to streamline processes such as the knock-off process in core business applications. IGI has also introduced various portals—such as the trade insurance portal, hold cover portal, and CGP portal—to improve service delivery and customer engagement. Additionally, the implementation of systems like SAP Success Factor, Sales Force, and JIRA reflects IGI's commitment to leveraging technology for improved efficiency and effectiveness in workflow management.

IFRS 17 Implementation

IGI has integrated this standard into its core business applications, aligning its accounting practices with global benchmarks. The ongoing developments are supported by the implementation of new Fortinet Firewalls, managing SOC & SIEM, and cybersecurity measures, including risk assessments and penetration testing. These initiatives are crucial for ensuring the security and integrity of financial data, ultimately facilitating a smooth adaptation to IFRS 17 requirements while reinforcing the Company's commitment to maintaining high standards of data protection and risk management.

Business Update – IGI

BUSINESS MIX	CY22	%	CY23	%	3QCY24	%	3QCY23	%
Fire and property damage	**3,520.1**	**34.9%**	**5,955.9**	**41.5%**	**4,547.0**	**36.6%**	**4,746.1**	**41.4%**
Conventional	3,292.1		5,580.5		4,231.3		4,485.4	
Takaful	228.0		375.4		315.7		260.7	
Marine, aviation and transport	**1,272.7**	**12.6%**	**1,264.0**	**8.8%**	**1,249.0**	**10.1%**	**972.9**	**8.5%**
Conventional	1,202.9		1,146.7		1,145.6		884.4	
Takaful	69.8		117.3		103.4		88.5	
Motor	**2,560.7**	**25.4%**	**2,888.0**	**20.1%**	**2,384.0**	**19.2%**	**2,148.0**	**18.7%**
Conventional	1,941.9		2,158.3		1,732.9		1,625.9	
Takaful	618.8		729.7		651.2		522.1	
Accident & Health	**1,290.0**	**12.8%**	**2,305.2**	**16.1%**	**2,233.6**	**18.0%**	**1,488.1**	**13.0%**
Conventional	700.0		1,630.8		1,336.3		821.4	
Takaful	590.0		674.4		897.3		666.7	
Liability	**1,445.6**	**14.3%**	**1,922.8**	**13.4%**	**1,994.8**	**16.1%**	**2,103.7**	**18.4%**
Conventional	1,400.6		1,872.4		1,949.7		2,066.4	
Takaful	44.9		50.5		45.1		37.3	
Total	**10,089.1**		**14,336.0**		**12,408.4**		**11,458.9**	
Conventional	8,537.5	**84.6%**	12,388.6	**86.4%**	10,395.8	**83.8%**	9,883.6	**86.3%**
Takaful	1,551.6	**15.4%**	1,947.4	**13.6%**	2,012.6	**16.2%**	1,575.3	**13.7%**

IGI is primarily engaged in providing general insurance and window takaful services in five primary segments namely fire & property damage, marine, aviation & transport, motor, accident & health and miscellaneous. Miscellaneous segment includes Engineering and Contractor's All Risk Insurance, Trade credit, Travel, Bond and Pecuniary lines of business. The Company operates via nine branches spread across Pakistan; no new branch was opened during the rating review period. The Company's GWP increased to PKR 12.4b (9MCY23: PKR 11.5b) in 9MCY24 wherein conventional and takaful GWP were recorded at PKR 10.4b (9MCY23: 9.9b) and PKR 2.0b (9MCY23: PKR 1.6b), respectively. Consequently, market share of the Company increased to 7.2% (9MCY23: 6.9%) in 9MCY24. Group business comprised almost 14%-15% of the topline during the period under review. Meanwhile, the proportion of takaful business has been increasing on a timeline basis.

The business mix of IGI continues to be primarily dominated by the fire segment, followed by a combination of other segments. GWP depicted slight changes during 9MCY24, as evidenced by marginal decrease in A&H and fire segment followed by marginal increases in miscellaneous and marine segments. To maintain low loss ratios and healthy underwriting performance, the Company follows a steady business growth approach whereby business with reputed clients with tested track records is primarily undertaken.

Cession

IGI's overall cession ratio increased to 47.8% (9MCY23: 44.0%) during 9MCY24 owing to a increase in the cession pertaining to conventional segment. Notable increase was witnessed in cession pertaining to fire, marine and miscellaneous segments. Meanwhile, A&H business is fully retained on Company's books.

Segment-wise breakup of cession ratio (conventional & takaful) has been given below:

CESSION RATIO	CY21	CY22	CY23	3QCY24	3QCY23
Fire and property damage	**83.3%**	**80.5%**	**79.2%**	**81.6%**	**66.3%**
Conventional	83.9%	81.3%	79.8%	81.3%	66.2%
Takaful	73.9%	69.7%	70.9%	85.3%	68.7%
Marine, aviation and transport	**66.4%**	**68.4%**	**73.8%**	**77.1%**	**60.4%**
Conventional	64.8%	67.3%	72.8%	77.3%	58.7%
Takaful	90.6%	86.6%	83.5%	74.2%	77.6%
Motor	**8.5%**	**53.4%**	**50.0%**	**49.6%**	**50.5%**
Conventional	10.3%	10.5%	11.7%	11.4%	10.9%
Takaful	2.6%	2.8%	4.5%	5.9%	3.8%
Accident & Health	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Conventional	0.0%	0.0%	0.0%	0.0%	0.0%
Takaful	0.0%	0.0%	0.0%	0.0%	0.0%
Liability	**72.3%**	**77.2%**	**75.7%**	**51.4%**	**52.8%**
Conventional	72.8%	78.5%	76.4%	51.3%	52.8%
Takaful	53.3%	35.3%	52.5%	53.1%	51.5%
Overall Cession Ratio	**48.3%**	**50.0%**	**51.6%**	**47.8%**	**44.0%**
Conventional	52.9%	56.1%	56.3%	53.2%	48.1%
Takaful	17.6%	16.3%	21.8%	20.3%	18.2%

Claim Experiences

Gross claims were recorded higher at PKR 7.6b (9MCY23: PKR 5.3b) during 9MCY24 wherein takaful related gross claims amounted to PKR 991.6m (9MCY23: PKR 728.5m). The increase in claims resulted in deterioration in the overall gross claims ratio to 73.2% (9MCY23: 57.6%); the same was mainly due to sizable engineering claim emanating from miscellaneous segment.

GROSS CLAIMS RATIO	**CY21**	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**57.7%**	**208.4%**	**61.6%**	**46.6%**	**75.5%**
Conventional	57.1%	207.5%	65.1%	47.3%	79.2%
Takaful	74.3%	229.1%	-21.0%	33.8%	-13.1%
Marine, aviation and transport	**48.8%**	**57.1%**	**42.7%**	**13.7%**	**52.1%**
Conventional	48.9%	56.8%	40.8%	12.3%	49.3%
Takaful	47.5%	65.5%	73.9%	34.5%	93.9%
Motor	**55.7%**	**57.0%**	**51.6%**	**52.3%**	**52.5%**
Conventional	48.8%	51.0%	45.1%	46.5%	46.9%
Takaful	95.2%	85.7%	80.2%	75.6%	77.8%
Accident & Health	**103.7%**	**90.2%**	**92.1%**	**73.7%**	**62.4%**
Conventional	89.4%	80.7%	82.4%	59.7%	47.3%
Takaful	135.5%	107.2%	109.3%	104.4%	108.1%
Miscellaneous	**48.8%**	**110.6%**	**3.9%**	**240.0%**	**19.7%**
Conventional	47.1%	111.3%	2.3%	243.9%	18.5%
Takaful	153.1%	81.5%	119.5%	75.0%	85.2%
Total	**59.8%**	**119.9%**	**49.8%**	**73.2%**	**57.6%**
Conventional	54.8%	121.0%	46.7%	72.6%	55.3%
Takaful	107.6%	112.0%	76.7%	78.2%	77.7%

However, given an adequate reinsurance coverage, the adverse impact on net account was majorly neutralized with net claims expense of PKR 2.6b (9MCY24: PKR 2.2b) whereby conventional and takaful net claims were PKR 1.7b (9MCY23: PKR 1.5b) and PKR 885.5m (9MCY23: PKR 676.3m) respectively in 9MCY24. Despite growth in total net premium revenue, net claims ratio increased to 52.2% (9MCY23: 49.4%). A&H segment continued to have a high net claims ratio on account of high retention on net account. Segment-wise breakdown of net claims ratio has been given.

NET CLAIMS RATIO	**CY21**	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**19.9%**	**83.6%**	**10.1%**	**27.5%**	**25.0%**
Conventional	17.8%	81.0%	13.1%	28.1%	29.1%
Takaful	74.1%	106.6%	-29.0%	22.0%	-31.1%
Marine, aviation and transport	**44.8%**	**47.0%**	**43.5%**	**16.2%**	**38.1%**
Conventional	44.1%	46.8%	42.9%	17.3%	37.3%
Takaful	105.2%	58.0%	56.9%	7.6%	53.6%
Motor	**54.1%**	**53.4%**	**50.0%**	**49.6%**	**50.5%**
Conventional	50.1%	50.8%	47.5%	47.9%	49.1%
Takaful	68.8%	61.3%	57.0%	53.7%	54.7%
Accident & Health	**96.1%**	**83.6%**	**61.8%**	**68.0%**	**59.5%**
Conventional	89.4%	80.7%	49.6%	59.7%	47.3%

Takaful	135.5%	87.8%	91.8%	82.4%	90.8%
Miscellaneous	**50.0%**	**44.7%**	**36.9%**	**41.9%**	**30.7%**
Conventional	48.3%	41.9%	36.1%	42.0%	30.6%
Takaful	153.1%	75.2%	50.3%	40.7%	32.4%
Total	**61.9%**	**63.7%**	**49.9%**	**52.2%**	**49.4%**
Conventional	54.8%	59.4%	43.6%	47.1%	43.8%
Takaful	87.2%	75.9%	70.9%	66.0%	69.0%

Underwriting Performance

(PKR million)	**CY21**	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Net Operating Ratio	**87.6%**	**91.4%**	**86.2%**	**80.5%**	**84.2%**
Combined Ratio	**93.5%**	**94.5%**	**91.6%**	**89.6%**	**91.7%**
Net claims ratio	*61.9%*	*63.7%*	*49.9%*	*52.2%*	*49.4%*
Expense Ratio	*31.6%*	*30.8%*	*41.7%*	*37.3%*	*42.3%*

IGI's underwriting profits (conventional & takaful) improved to PKR450.5m (9MCY23: PKR367.5m) wherein conventional and takaful profits improved to PKR264.7m (9MCY23: PKR235.2m) and PKR185.8m (9MCY23: PKR132.3m respectively during 9MCY24. The improvement is attributable to higher profits from motor segment that has remained a primary profitability driver for IGI. On the other hand, fire, liability and A&H segments have continued to post losses on a timeline basis. Underwriting profits pertaining to marine segment also improved marginally during 9MCY24.

Furthermore, given decrease in net commission expense during 9MCY24, the underwriting expense ratio improved to 37.3% (9MCY23: 42.3%) and consequently the combined ratio improved to 89.6% (9MCY23: 91.7%) despite slightly higher net claims ratio. The Company also recorded a higher recurring investment income that resulted in the improvement of net operating ratio to 80.5% (9MCY23: 84.2%) in 9MCY24. Improvement was manifested in the PBT and PAT to PKR1.3b (9MCY23: PKR772.0m) and PKR768.3m (9MCY23: PKR470.9m) respectively during 9MCY24.

The snapshot of underwriting profits (conventional & takaful) is given below:

UNDERWRITING PROFIT (PKR million)	**CY21**	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**(56.7)**	**(371.0)**	**(119.4)**	**(125.3)**	**(197.1)**
Conventional	(63.1)	(365.0)	(165.2)	(156.6)	(229.2)
Takaful	6.4	(6.0)	45.8	31.2	32.1
Marine, aviation and transport	**141.9**	**150.9**	**143.4**	**154.0**	**150.2**
Conventional	135.8	144.9	132.8	126.3	138.8
Takaful	6.0	6.0	10.6	27.7	11.5
Motor	**367.3**	**444.3**	**622.7**	**541.5**	**484.8**
Conventional	338.7	380.1	498.6	407.6	371.5
Takaful	28.6	64.2	124.0	133.8	113.4
Accident & Health	**(146.6)**	**28.6**	**(82.4)**	**(49.3)**	**(57.5)**
Conventional	(64.3)	46.1	(41.1)	(32.8)	(25.7)
Takaful	(82.3)	(17.5)	(41.3)	(16.5)	(31.8)
Miscellaneous	**(83.0)**	**(8.1)**	**(59.9)**	**(70.3)**	**(13.0)**
Conventional	(81.0)	(8.5)	(72.5)	(79.8)	(20.2)
Takaful	(2.0)	0.4	12.6	9.5	7.2
Underwriting profit/ (loss)	**222.8**	**244.7**	**504.3**	**450.5**	**367.5**
Conventional	266.0	197.5	352.6	264.7	235.2
Takaful	(43.2)	47.2	151.7	185.8	132.3
Investment Income	**175.1**	**600.4**	**456.4**	**808.4**	**405.8**
Conventional	144.4	291.0	510.6	562.9	294.7
Takaful	30.7	89.8	165.4	245.5	111.1

Other Income (Conventional)	120.0	162.9	218.6	242.9	122.5
Profit from Window Takaful (Conventional)	86.8	108.9	171.9	199.9	129.7
Finance cost against right to use asset	(12.7)	(16.7)	(13.8)	9.4	10.2
Profit Before Tax (Total) (Total)	603.1	741.5	1,243.3	1,261.0	772.0
Profit After Tax (Total)	437.1	454.5	665.4	768.3	470.8

Reinsurance Arrangements

IGI's risk profile is supported by strong reinsurance coverage provided by a diversified panel of international and local reinsurers. Risk profile of the reinsurance panel is considered sound as all reinsurers are rated in 'A' band or higher. The proportion of PRCL reduced significantly during CY24 and the subsequent share was taken up by Arab Re, Deutsche Ruck and CICA Re. Hannover Re has the highest share in major segments including property, general accident, engineering, bond, motor, terrorism, crop and marine cargo. The Company has negotiated quota cum surplus treaties for all its major segments protected further by non-proportional treaties. During CY24, in line with anticipation of higher business, insurer retention under fire, fire & engineering and fire CAT XL segments increased along with maximum liability under total treaty. Additionally, liability under total treaty was also enhanced for marine cargo open cover. As per the management, negotiations with reinsurers have been concluded for CY25 and no major change in the reinsurance panel, treaty terms and commission rate was witnessed.

Investment's profile

INVESTMENTS	*CY22*	*%*	*CY23*	*%*	*9MCY24*	*%*
Mutual Funds	4.8	*0.2%*	25.5	*0.9%*	24.2	*0.7%*
Listed Shares	86.2	*4.1%*	149.3	*5.2%*	253.5	*7.3%*
PIBs	1,622.7	*76.8%*	1,623.9	*56.7%*	1,921.8	*55.7%*
T bills	-	*0.0%*	543.4	*19.0%*	1,009.4	*29.2%*
Sukuk	150.0	*7.1%*	211.8	*7.4%*	-	*0.0%*
TFCs	250.0	*11.8%*	310.0	*10.8%*	243.0	*7.0%*
Total	**2,113.7**		**2,863.8**		**3,451.9**	

The investment portfolio expanded on a timeline with increase largely manifested in T-bills and PIBs. The investment mix continued to be dominated by government instruments; the same assists in keeping the credit risk exposure within the Company's risk appetite levels. The fixed and floating rate PIBs approximately constitute an equal proportion. The PIBs held by the Company are longer tenor with an average effective yield of around 21% maturing in CY28.

The credit risk emanating from the investment portfolio is considered minimal given considerable investment in risk-free instruments coupled with equities with sound financial profile and credit ratings. On the other hand, the investment portfolio is subject to market risk. In addition, IGI's investment in the equity market has also increased; the direct stock market exposure was recorded at PKR253.5m (CY23: PKR149.3m; CY22: 86.2m) at end-9MCY24. Moreover, the Company has an investment in property having a market value of PKR439.4m at end-9MCY24. Going forward, IGI plans to continue with the similar investment strategy.

Liquidity

LIQUIDITY	*CY21*	*CY22*	*CY23*	*9M24*
Liquid Assets to Net Technical Reserves (%)	141.8%	72.6%	158.4%	122.6%
Insurance Debt to Gross Premium (%)	30.0%	45.8%	28.2%	35.9%

The quantum of liquid assets exhibited an increase on a timeline to PKR4.3b (CY23: PKR3.8b; CY22: PKR2.5b) by end-9MCY24 on account of an increase in the carrying value of investment portfolio to PKR3.5b (CY23: PKR2.9b; CY22: PKR3.0b) mainly an outcome of higher investments in government securities. Despite this, liquid assets maintained in relation to net technical reserves decreased to 122.6% (CY23: 158.4%; CY22: 72.6%) by end-Sept'24; the same was owing to an increase in the outstanding claims and unearned premium reserves due to inherent cyclicality prevalent in the insurance sector. The absolute value of net technical reserves is expected to decrease once the unearned premium reserves are realized by end-CY24. Moreover, insurance debt in relation to gross premium remained largely rangebound; the same is largely in commensurate with the assigned rating.

Capitalization

CAPITALIZATION (PKR million)	CY21	CY22	CY23	9M24
Net Worth	2,968	2,113.7	2,863.7	3,451.9
Operating Leverage (%)	116.2%	218.0%	203.5%	190.4%
Net Financial Leverage (%)	75.4%	162.7%	84.6%	102.0%

The Company's equity base enhanced during 9MCY24 on account of internal capital generation indicating a marginal improvement in the capitalization levels. Consequently, the operating leverage ratio decreased during the review period but remains on the higher side. However, on account of appropriate reinsurance coverage, the higher operating leverage does not pose exponential risk to loss absorption capacity of the Company. Additionally, IGI is considered sound from a solvency point of view as the Company has adequate cushion in terms of total admissible assets over its liabilities.

The net financial leverage ratio was reported higher at end-9MCY24 on account of an increase in net technical reserves. The increase in technical reserves was manifested in both higher outstanding claims and unearned premium reserves; higher outstanding claims were an outcome of an unsettled fire & engineering claims, meanwhile, unearned premium has an element of cyclicality attached. Nevertheless, the aging profile of the claim's payable was satisfactory with no claims outstanding for more than a year at end-CY24. The leverage indicators of the Company continue to remain higher for the rating assigned.

IGI General Insurance Limited — Appendix I

FINANCIAL SUMMARY				PKR Million
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**9MCY24**
Cash and Bank Deposits	203.7	382.7	973.4	867.1
Investments	2,968.0	2,113.7	2,863.7	3,451.9
Investment Properties	399.6	429.4	416.4	439.4
Insurance Debt	2,549.0	4,617.4	4,044.8	5,943.9
Total Assets	11,656.9	16,705.4	20,686.6	28,636.6
Technical Reserves	5,479.2	9,904.7	11,575.0	17,132.2
Paid-Up Share Capital	1,918.4	1,918.4	1,918.4	1,918.4
Net Worth	2,968.0	2,113.7	2,863.7	3,451.9
Total Liabilities	8,746.5	13,580.8	17,474.4	25,144.0
INCOME STATEMENT	**CY21**	**CY22**	**CY23**	**9MCY24**
Gross Premium Revenue	8,510.8	10,089.1	14,336.0	12,408.4
Net Premium Revenue	3,448.2	4,607.0	5,826.9	4,930.0
Net Claims (Inc. Takaful)	2,136.0	2,935.0	2,905.7	2,574.8
Underwriting Profit (Inc. Takaful)	222.8	244.7	504.3	450.5
Investment Income	175.1	380.7	675.6	808.5
Profit Before Tax	603.1	741.5	1,243.3	1,261.0
Profit After Tax	437.1	454.5	665.4	768.3
RATIO ANALYSIS	**CY21**	**CY22**	**CY23**	**9MCY24**
Market Share (%)	7.5%	7.5%	7.8%	7.2%
Cession Ratio (%)	48.3%	50.0%	51.6%	47.8%
Gross Claims Ratio (%)	59.8%	119.9%	49.8%	73.2%
Net Claims Ratio (%)	61.9%	63.7%	49.9%	52.2%
Underwriting Expense Ratio (%)	31.6%	30.8%	41.7%	37.3%
Combined Ratio (%)	93.5%	94.5%	91.6%	89.6%
Net Operating Ratio (%)	87.6%	91.4%	86.2%	80.5%
Insurance Debt to Gross Premium (%)	30.0%	45.8%	28.2%	35.9%
Operating Leverage (%)	116.2%	218.0%	203.5%	190.4%
Adjusted Financial Leverage (%)	75.4%	162.7%	84.6%	102.0%
Liquid Assets to Net Technical Reserves (%)	141.8%	72.6%	158.4%	122.6%

REGULATORY DISCLOSURES				Appendix II
Name of Rated Entity	IGI General Insurance Limited			
Sector	Insurance			
Type of Relationship	Solicited			
Purpose of Rating	Insurer Financial Strength Rating			
Rating History	**Rating Date**	Rating	**Rating Outlook/ Rating Watch**	**Rating Action**
	26/2/2025	**AA+ (IFS)**	Stable	Reaffirmed
	22/12/2023	AA+ (IFS)	Stable	Reaffirmed
	29/12/2022	AA+ (IFS)	Stable	Reaffirmed
	31/03/2022	AA+ (IFS	Stable	Harmonized
	05/11/2021	AA	Stable	Reaffirmed
	30/12/2020	AA	Stable	Reaffirmed
	06/12/2019	AA	Stable	Reaffirmed
	13/9/2018	AA	Initial	Reaffirmed
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on insurer financial strength only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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Due Diligence Meetings Conducted	**Name**	**Designation**	**Date**	
	Syed Awais Amjad	CFO	15-Jan-2025	