



The Pakistan Credit Rating Agency Limited

**Rating Report**

**IGI Life Insurance Limited**

**Report Contents**

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**Rating History**

Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
25-Jun-2024	A++ (ifs)	Stable	Maintain	-
26-Jun-2023	A++ (ifs)	Stable	Maintain	-
29-Jun-2022	A++ (ifs)	Stable	Maintain	-
31-Mar-2022	A++ (ifs)	Stable	Harmonize	-
29-Jun-2021	A+	Stable	Maintain	-
29-Jun-2020	A+	Stable	Maintain	-
27-Dec-2019	A+	Stable	Maintain	-
27-Jun-2019	A+	Stable	Maintain	-
26-Dec-2018	A+	Stable	Maintain	-
27-Jun-2018	A+	Stable	Maintain	-

**Rating Rationale and Key Rating Drivers**

Pakistan's Life Insurance market is dominated by the public sector (~66.6% share as of Dec-23), while the private sector holds only ~33.4% share. The sector players have shifted their focus from first-year persistency to subsequent years, prioritizing Gross Premium (GPW) growth. During CY23, overall GPW showed a YoY growth of ~7.69%. Out of the total, ~46.58% of the GPW pertains to renewals, followed by group life without cash value (~37.2%). Net Premium also showed a YoY increase of ~7.39%. As policy maturities and surrenders have largely trickled in, net claims grew by ~31%. To adapt, the industry holds a substantial investment book (CY23: PKR 2,021bln, CY22: PKR 1,747bln) stabilizing the overall outlook.

IGI Life Insurance Limited ('IGI Life' or 'the Company') rating derives comfort from association with Packages ('the Group'). The Company holds a strong governance framework. IGI Life has revamped its overall portfolio to optimize its risk profile by selectively reducing the loss making business avenues. The Company seemed able to hold its surrenders significantly along with clearing the claims. The Company reported second-year persistency at ~81%, while first-year's persistency stood at ~62%. During CY23, the Company reported a growth of ~32% in GPW. The Company further plans to improve its underwriting portfolio. IGI Life achieved profits from core operations. This along with managing a healthy investment portfolio, with ~63% allocated to government securities, contributes significantly to the Company's overall profits. Comfort is drawn from IGI Life's strong risk absorption capacity, represented by sufficient liquidity and considerable equity standing.

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

**Disclosure**

<b>Name of Rated Entity</b>	IGI Life Insurance Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	IFS Rating
<b>Applicable Criteria</b>	Assessment Framework   Life Insurance(Mar-24),Methodology   Rating Modifiers(Apr-24)
<b>Related Research</b>	Sector Study   Life Insurance(Jun-23)
<b>Rating Analysts</b>	Faiqa Qamar   faiqa.qamar@pacra.com   +92-42-35869504



## Profile

**Legal Structure** IGI Life Insurance Limited (“IGI Life” or the “Company”) is a publicly listed company on the Pakistan Stock Exchange with the ticker “IGIL.”  
**Background** The Company was incorporated in 1994 and commenced its operations in 1995.  
**Operations** The Company operates in three divisions: I) South, II) Central, and III) North, with its headquarters in Karachi. The Company’s operational network consists of 15 branches dispersed over the aforementioned regions.

## Ownership

**Ownership Structure** IGI Holdings holds the majority stake in the Company (~82.69%), whereas the remaining shareholding is distributed between a consortium of institutions, individuals and directors & related parties.  
**Stability** The sound shareholding structure of the Company channeled through the Packages Group provides stability to the ownership profile of the Company.  
**Business Acumen** The Packages Group, under the umbrella of “IGI Financial Services”, established a foothold in the financial sector (i) IGI General Insurance (ii) IGI Life (iii) IGI Investments and (iv) IGI Finex Securities. These are a few one, the Group is involved in other businesses as well.  
**Financial Strength** The sponsors maintain a strong presence in the Country. The Packages Group, under the umbrella of “IGI Financial Services” established a foothold in the financial sector IGI Life, IGI Insurance, IGI Investments and IGI Financial Services. These are a few one, the Group is involved in other businesses as well.

## Governance

**Board Structure** IGI Life’s Board consists of eight distinguished industry professionals, comprising 5 Non-Executive Directors, 2 Independent Directors, and the CEO serving as an Executive Director. Additionally, the board includes two Female Directors, showcasing a balanced representation of Independent and Non-Executive Directors.  
**Members’ Profile** The Chairman of the board, Mr. Shamim Ahmad Khan, brings extensive experience from various government organizations, notably serving in prominent roles at SECP and the Ministry of Finance. With a decade-long association, he provides invaluable leadership to the Company.  
**Board Effectiveness** The board operates through three committees: Audit, Ethics, HR, Remuneration & Nomination, and Investment, ensuring effective governance. Oversight is maintained through quarterly board meetings, with comprehensive documentation of minutes.  
**Financial Transparency** The External Auditors of the Company, A.F. Fergusons & Co. Chartered Accountants, have issued an unqualified opinion pertaining to annual financial statements for CY23.

## Management

**Organizational Structure** The Company has a lean organizational structure, with operational staff reporting indirectly to CEO Mr. Ali Nadim through unit heads. Mr. Ali reports to the Board of IGI Holdings.  
**Management Team** Mr. Ali Nadim, the CEO, transitioned from his previous role as COO in 2018. With two decades of industry experience, he strategically leads the Company, supported by a dedicated team of professionals.  
**Effectiveness** Three management committees—Claim Settlement, Underwriting & Reinsurance, and Risk Management & Compliance—oversee operations and internal controls, with Board members participating. The CEO stays informed through regular MIS updates. Meetings are efficient, with pre-shared agendas and formal minutes.  
**Claim Management System** A robust claims settlement system ensures efficient processing. Upon receiving a claim, the department conducts a policy review for validity. The case is presented to the head of claims or claims committee for approval, ensuring smooth processing.  
**Investment Management Function** IGI Life follows a Board-approved Investment Policy Statement (IPS) for its investment activities. The IPS undergoes annual review, overseen by the Management Investment Committee (MIC) led by the CEO, to ensure effective implementation and monitoring of the investment strategy and policy.  
**Risk Management Framework** The Company maintains an updated underwriting manual and field guidelines, distributed to branches and agents. A risk register is diligently maintained, identifying and assessing risks with severity levels, existing controls, and assigned responsibilities for risk mitigation.

## Business Risk

**Industry Dynamics** The Life Insurance market is dominated by the public sector (~66.6% share as of Dec-23), while the private sector holds only ~33.4%. Gross Premium (GPW) stood at PKR 406bln during CY23 (CY22: PKR 377bln), showing YoY growth of ~7.69%. GPW is divided between regular premium products (first year, second year, and subsequent year premiums), single premium products, and group life policies. ~46.58% of the total premium pertains to renewal premium products, followed by group life without cash values at ~37.2% in Dec-23. Net Premium stood at PKR 399bln during CY23 (CY22: PKR 372bln), showing a YoY increase of ~7.39%. Net Claims stood at PKR 367bln during CY23 (CY22: PKR 281bln). The total investment book of the industry was PKR 2,021bln during CY23 (CY22: PKR 1,747bln). The overall outlook of the industry remains stable.  
**Relative Position** IGI Life is classified as a mid-sized company and possesses a market share of ~2.0% in terms of GPW as of CY23.  
**Persistency** During CY23, the Company reported healthy persistency performance, with the first-year persistency ratio at ~62% (CY22: ~55%) and renewal persistency at ~81% (CY22: ~66%). In 3MCY24, first-year persistency was ~66% (3MCY23: ~69%), while renewal persistency was ~70% (3MCY23: ~74%).  
**Revenue** During CY23, the Company reported a growth of ~32% in its Gross Premium Written, reaching PKR 7,991mln (CY22: PKR 6,072mln), driven by significant performance in single premium policies. During 3MCY24, the Company reported a GPW of PKR 3,249mln, reflecting an uptake of ~83% (3MCY23: PKR 1,779mln).  
**Profitability** During CY23, the Company reported strong performance and achieved underwriting profits of PKR 1,698mln (CY22: Loss of PKR 1,105mln). Effective management of insurance claims led to a decline in the loss ratio (CY23: ~56.6%, CY22: ~91.4%). Strong investment income further supported overall profitability. The Company reported a PAT of PKR 143mln (CY22: PKR 42mln). During 3MCY24, the Company reported underwriting results of PKR 1,686mln (3MCY23: PKR 86mln), with a loss ratio dropping to ~33.6% (3MCY23: ~68.4%). The Company reported a PAT of PKR 43mln during 3MCY24 (3MCY23: PKR 22mln).  
**Investment Performance** During CY23, the investment book was reported at PKR 23,821mln (CY22: PKR 18,720mln), predominantly (~63%) in government securities. The Company reported an investment income of PKR 3,010mln, reflecting a growth of ~83%, driven mainly by returns on government securities. During 3MCY24, the investment book was reported at PKR 26,494mln (3MCY23: PKR 18,923mln). The Company reported an investment income of PKR 845mln, reflecting an uptake of ~69% (3MCY23: PKR 499mln).  
**Sustainability** The Company aims for high growth and profitability by reducing dependency on single premium and emphasizing regular premium. It focuses on its Vitality product and expects healthy revenue growth in the medium to long-term, supported by positive macro-economic trends and unique offerings. Strengthening human capital and expanding the agent network through recruitment of professional personnel are also planned.

## Financial Risk

**Claim Efficiency** As at CY23, Claims Outstanding Days reported at 49 days (CY22: 38 days). The Company reported a net claims expense of PKR 4,349mln, a decline of ~18%, reflecting management’s effectiveness in controlling surrenders (CY22: PKR 5,302mln). As of 3MCY24, outstanding days reported at 194 days (3MCY23: 183). During 3MCY24, the Company reported a net claims expense of PKR 1,060mln, reflecting a decline of ~8% (3MCY23: PKR 1,154mln).  
**Re-Insurance** The reinsurance portfolio of IGI Life comprises Hannover Re (AA- by S&P), American Life (AA- by S&P), Zurich Insurance (AA by S&P) and Munichener (AA- by S&P). The reinsurance treaties include retention limits segregated between quota share, surplus and XOL.  
**Cashflows & Coverages** As at CY23, the Company reported liquid assets of PKR 23,821mln, a growth of ~27% (CY22: PKR 18,720mln). Liquid Investments to Net Claims coverage increased to 4.9x (CY22: 3.6x). As at 3MCY24, liquid assets were PKR 26,494mln, an increase of ~40% (3MCY23: PKR 18,923mln). During 3MCY24, Liquid Investments to Net Claims coverage was 5.9x (3MCY23: 4.1x).  
**Capital Adequacy** IGI Life is compliant with SECP’s mandated required capital of PKR 700mln. As of CY23, the Company’s equity base grew by ~12% to PKR 1,946mln (CY22: PKR 1,740mln). During 3MCY24, the equity reported at PKR 2,001mln, reflecting a 14% increase (3MFY23: PKR 1,751mln).



PKR mln

IGI Life Insurance Limited  
Public Listed Company

Mar-24  
3M

Dec-23  
12M

Dec-22  
12M

Dec-21  
12M

## A BALANCE SHEET

1 Investments	26,494	23,821	18,720	19,385
2 Insurance Related Assets	455	306	239	193
3 Other Assets	2,052	2,043	1,942	1,764
4 Fixed Assets	511	519	544	705
<b>Total Assets</b>	<b>29,511</b>	<b>26,688</b>	<b>21,445</b>	<b>22,046</b>
5 Underwriting Provisions	-	-	-	-
6 Insurance Related Liabilities	26,782	23,984	19,124	19,701
7 Other Liabilities	703	727	504	456
8 Borrowings	26	30	76	145
<b>Total Liabilities</b>	<b>27,511</b>	<b>24,742</b>	<b>19,705</b>	<b>20,302</b>
<b>Equity</b>	<b>2,001</b>	<b>1,946</b>	<b>1,740</b>	<b>1,744</b>

## B INCOME STATEMENT

1 Gross Premium Written	3,249	7,992	6,072	6,072
2 Net Insurance Premium	3,151	7,686	5,800	6,838
3 Underwriting Expenses	(1,464)	(5,988)	(6,905)	(6,997)
<b>Underwriting Results</b>	<b>1,686</b>	<b>1,698</b>	<b>(1,105)</b>	<b>(159)</b>
4 Management Expenses	(192)	(941)	(809)	(907)
5 Investment Income	845	3,010	1,648	1,277
6 Other Income / (Expense)	86	71	47	14
7 Net Change in Reserve for Policyholders' Liabilities	(2,365)	(3,614)	279	(718)
<b>Profit Before Tax</b>	<b>61</b>	<b>225</b>	<b>60</b>	<b>(492)</b>
8 Taxes	(18)	(82)	(18)	143
<b>Profit After Tax</b>	<b>43</b>	<b>143</b>	<b>42</b>	<b>(349)</b>

## C RATIO ANALYSIS

### 1 Profitability

Loss Ratio (Net Insurance Claims / Net Insurance Premium )	33.6%	56.6%	91.4%	71.9%
Combined Ratio (Loss Ratio + Expense Ratio)	52.6%	90.1%	133.0%	115.6%

### 2 Investment Performance

Investment Income / Operating Profit	36.1%	79.9%	-620.2%	603.9%
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### 3 Liquidity

(Liquid Assets - Borrowings) / Outstanding Claims	45.78	41.71	29.89	37.87
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### 4 Capital Adequacy

Liquid Investments / Equity	13.24	12.24	10.76	11.11
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### Insurer Financial Strength (IFS) Rating

Insurer Financial Strength (IFS) rating reflects forward-looking opinion on relative ability of an insurance company to meet policy holders and contractual obligations.

Scale	Definition
AAA (ifs)	<b>Exceptionally Strong.</b> Exceptionally Strong capacity to meet policy holders and contract obligations. Risk factors are minimal, and the impact of any adverse business and economic factors is expected to be extremely small.
AA++ (ifs) AA+ (ifs) AA (ifs)	<b>Very Strong.</b> Very Strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.
A++ (ifs) A+ (ifs) A (ifs)	<b>Strong.</b> Strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small.
BBB++ (ifs) BBB+ (ifs) BBB (ifs)	<b>Good.</b> Good capacity to meet policy holders and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be manageable.
BB++ (ifs) BB+ (ifs) BB (ifs)	<b>Modest.</b> Modest capacity to meet policy holders and contract obligations. Though positive factors are present, risk factors are relatively high, and the impact of any adverse business and economic factors is expected to be significant.
B++ (ifs) B+ (ifs) B (ifs)	<b>Weak.</b> Weak capacity to meet policy holders and contract obligations. Risk factors are high, and the impact of any adverse business and economic factors is expected to be very significant.
CCC (ifs) CC (ifs) C (ifs)	<b>Very Weak.</b> Very weak capacity to meet policy holders and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors may lead to insolvency or liquidity impairment
D (ifs)	<b>Distressed.</b> Extremely weak capacity with limited liquid assets to meet policy holders and contract obligations, or subjected to some form of regulatory intervention or declared insolvent by the regulator.

**Outlook (Stable, Positive, Negative, Developing)** Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

**Rating Watch** Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

**Suspension** It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

**Withdrawn** A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, e) the entity/issuer defaults., or/and f) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

**Harmonization** A change in rating due to revision in applicable methodology or underlying scale.

**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

**Note.** This scale is applicable to the following methodology(s): General Insurance & Takaful Operator, Life Insurance & Family Takaful Operator.

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(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

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- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

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- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
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- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
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- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

### **Probability of Default**

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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