



The Pakistan Credit Rating Agency Limited

Rating Report

Jubilee General Insurance Company Limited

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Rating History				
Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
01-Nov-2024	AA++ (ifs)	Stable	Maintain	-
03-Nov-2023	AA++ (ifs)	Stable	Maintain	-
03-Nov-2022	AA++ (ifs)	Stable	Maintain	-
31-Mar-2022	AA++ (ifs)	Stable	Harmonize	-
05-Nov-2021	AA+	Stable	Maintain	-
05-Nov-2020	AA+	Stable	Maintain	-
29-Nov-2019	AA+	Stable	Maintain	-
31-May-2019	AA+	Stable	Maintain	-
06-Dec-2018	AA+	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

Jubilee General Insurance Company Limited ('Jubilee Insurance' or 'the Company') holds a considerable standing in Pakistan's general insurance industry. The Company derives strength from Aga Khan Development Network ('AKDN') holding strong presence in the financial industry, through Habib Bank Limited, Jubilee Life Insurance Company Limited and Jubilee Insurance. A robust governance framework, well aligned with the managerial practices support the Company's overall operations; also, bodes well for the IFS rating.

The Company holds a robust business profile with Gross Premium Written (GPW) trickling in majorly (~90%) from conventional operations, with a support of ~10% from window Takaful operations. With in each line of operations, fire and property (~45%) remains the main GPW generating segment, followed by miscellaneous (~24%), accident & health (~12%), motor (~10%), and marine (~9%). GPWs growth of ~23% is mainly driven by conventional (~22%), followed by window Takaful (~25%) operations. This growth remains a factor of value uptick with modest volumes flowing in. Jubilee Insurance's bottomline is strong due to stable underwriting performance (~PKR 625mln) and considerably strong investment returns (~PKR 1.9bln). The Company's investment strategy (portfolio size of ~PKR 26.7bln) remains inclined to secure avenues, government securities along with a diverse mix of blue-chip equity securities. Going forward, the recovery of economic activities, improvements in both the micro and macroeconomic landscape, along with improved inflation and easing global commodity prices, are expected to positively impact the Company's overall performance. On the financial risk front, Jubilee Insurance is supported by the Company's strong risk absorption capacity, underpinned by sufficient liquidity. Additionally, the Company has demonstrated financial stability through consistent dividend payments. The presence of internationally recognized and high rated reinsurers also provides confidence in the Company's operations.

Sustainability of business segments and efficient expense management remains imperative to the financial performance. Moreover, investment book's performance, diverted towards high growth avenues, is crucial for the rating. The rating remain dependent upon the Company's sustained market position and benefiting from the sound Group profile.

Disclosure	
Name of Rated Entity	Jubilee General Insurance Company Limited
Type of Relationship	Solicited
Purpose of the Rating	IFS Rating
Applicable Criteria	Assessment Framework General Insurance(Mar-24),Methodology Rating Modifiers(Apr-24)
Related Research	Sector Study General Insurance(Jun-24)
Rating Analysts	Mir Muhammad Hamza Mir.Hamza@pacra.com +92-42-35869504



Profile

Legal Structure Jubilee General Insurance Co. Ltd ("Jubilee Insurance" or "the Company") was incorporated as a public limited company in 1953, and became a listed concern in 1955 with a trade symbol of "JGICL" on PSX .

Background In 1953, New Jubilee Insurance Co. Ltd. began operations with an initial focus on life and general insurance. In 1972, life insurance business was segregated as per the nationalization orders. Over time, the company expanded by acquiring Commercial General Union Insurance; and later, became the pioneer in accident and health insurance. In 2011, its was renamed as Jubilee General Insurance Co. Ltd. Later, the Company acquired ~19.5% stake in Jubilee Kyrgyzstan Insurance Co. Ltd.; and in 2015, the Company began wondow takaful operations. Today, its one of the leading insurance companies in the country.

Operations Jubilee Insurance manages conventional insurance along with a takaful window. Within both, its mainly engaged in fire, marine and aviation, motor and accident/health segments through a network of more than 27 branches across Pakistan. The operations are managed by 4 zones (South, Lahore, Multan & North), and 2 commercial units.

Ownership

Ownership Structure Major stake of the Company resides with Aga Khan Development Network (AKDN) and Hashwani Group (~77%). Director's hold ~7% stake, while, Financial Institutions hold ~2% stake in the Company. Remaining ~14% stake is held by the general public.

Stability AKDN and Haswani Group holds substantial standing across various sectors, like financial institutions, hospitality and upstream oil & gas segment, along with various philanthropic initiatives across the country. This ensures stability of the ownership, going forward.

Business Acumen The sponsors have witnessed varous business cycles over time. Both sponsors hold strong business acumen across diversified business portfolios; thus, providing the ownership structure a requisite support in the long term.

Financial Strength The sponsors hold strong financial footing across various sectors; thus, ensuring financial stability, going forward.

Governance

Board Structure Overall control of the Company resides with a 9 member Board (BoD), comprising 5 Non-Executive, 3 Independent and 1 Executive Director. The BoD has an adequate presence of sponsors with 1 female Director.

Members' Profile Mr. Akbar Ali Pesnani chairs the BoD since 2023 and is associated with the Company since 2006. He holds more than 4 decades of professional experience. Ms. Nausheen Ahmad, an Independent Director, brings over 3 decades of legal expertise. Other BoD members also carry diversified experience; thus, strengthening the BoDs policy formation process.

Board Effectiveness During CY23, the BoD met four times to discuss pertinent matters. 5 sub-committees (Audit, Finance & Investment, Board Risk and Compliance, HR Remuneration, Information Technology Steering Committee), chaired by Non-Executive and Independent Directors, assists the BoDs decision process.

Transparency The Company's external auditor, M/s AF Fergusons & Co. Chartered Accountants, has issued an unqualified audit report on the financial statements as of CY23. The firm is QCR rated and on SBP's panel in category "A".

Management

Organizational Structure The Company operates through eight departments - ERM, Compliance & QA, Investments, Operations, Marketing, HR, IT, Finance, and Admin. All departmental Heads report to the CEO, who then reports to the BoD. While, the Head of Internal Audit, HR, IT and Risk functionally reports to the respective BoD committee, and administratively to the CEO.

Management Team Mr. Hassan Khan, the CEO, has over 2 decades of experience in the financial sector. Mr. Azfar Arshad, the COO, holds an experience of over 2 decades and joined the Company in 2004. All key management personale are well-qualified and experienced professionals.

Effectiveness The management is facilitated by 7 committees: Underwriting, Claims, Re-insurance/Co-insurance, ERM, Takaful, Management, and Assets Allocation. All committees are chaired by the CEO, and meets on quarterly basis. Minutes are adequately documented.

MIS A web-based real time ERP solution is in place that generates comprehensive MIS reports covering the operations of all business segments within the Company.

Claim Management System The Committee oversees the claims to ensure adequate reserves. It gives attention to claims which may give rise to a series of claims, going forward, and determines the circumstances under which such claim disputes shall be brought to attention.

Investment Management Function The BoDs approved Investment Policy Statement (IPS) provides detailed guidelines, an executional structure, and benchmark for diverse investment categories. Quarterly assessments by the Investment Committee evaluates the performance.

Risk Management Framework A comprehensive risk management system has been implemented by the Company that conducts business impact analysis, assess the effect of any physical disruption, financial implications followed by risk mitigation techniques.

Business Risk

Industry Dynamics Overall GPW of the industry posted a value driven growth of ~17% (3MCY24:~PKR 48bln, 3MCY23: ~PKR 41bln). Improved underwriting and investment performance contributed to the industry's earning (3MCY24: PKR 6.3bln, 3MCY23: PKR 4bln). However, current economic conditions remain imperative for the overall performance of the industry, going forward.

Relative Position Jubilee General is the third-largest insurance company with market share of ~12% during 6MCY24 (in terms of GPW).

Revenue The Company generates GPW from Conventional (~88%) and Window Takaful (~11%) operations. GPW posted a value driven growth of ~31% (CY23: ~PKR 19bln, CY22: ~PKR 14bln) emanating from fire & property (~44%), misc. (~23%), health (~13%), motor (~11%), and marine (~9%), . During 6MCY24, GPW grew by ~23%. Looking ahead, the Company's overall performance may improve due to stabilizing economic conditions.

Profitability The underwriting performance of the Company improved by ~119% (CY23: ~PKR 1bln, CY22: ~PKR 465mln), attributed to higher GPW along with lower underwriting expenses. Whereas, net profits of the Company were supported by healthy investment income (CY23: ~PKR 3bln, CY22: ~PKR 1.6bln). During 6MCY24, PAT of the Company surged to ~PKR 1.8bln. Going forward, overall profits may incline; however, margins from segmental operations may require attention.

Investment Performance The Company's proactive investment strategy yielded good returns (CY23: ~PKR 3.2bln, CY22: ~PKR 1.7bln). Similarly, during 6MCY24, investment income remain considerable (6MCY24: ~PKR 1.9bln, 6MCY23: ~PKR 1.4bln). To manage risk, ~48% of the total investment tilt towards government securities, followed by equity instruments (~37%), cash (~14%), and debt instruments (~1%). Vigilance in the book built may support a stable income stream, going forward.

Sustainability The Company holds a visionary and growth-oriented strategy to ensure enhanced profitability in the long run.

Financial Risk

Claim Efficiency Jubilee General holds a stable risk absorption capacity as reflected by its claims to liquid investments of ~31% as of CY23 (CY22: ~38%). Whereas, claims efficiency requires attention due to inflated days outstanding (CY23: ~438 days, CY22: ~342 days). Similarly, as of 6MCY24, claims to liquid investments stood at ~28% (6MCY23: ~36%) with claim days surged to ~444 days (6MCY23: ~414days).

Re-Insurance The Company holds reinsurance treaties of several other reputed reinsurers, like Swiss Re (AA- by S&P ; A+ by AM Best), SCOR Re (AA- by S&P; A by AM Best), Allianz SE (AA by S&P; A+ by AM Best), Hannover Re (AA- by S&P; A+ by AM Best).

Cashflows & Coverages Jubilee General maintains sound investment book (CY23: ~PKR 24.9bln, CY22: ~PKR 20.7bln) leading to robust cover (liquid assets to net insurance claims - CY23: ~4.3x, CY22: ~4.4x). Similarly, as of 6MCY24, a stable investment book has positively impacted these coverages

Capital Adequacy As of CY23, the Company's equity base grew, backed by healthy reserves, to ~PKR 13.7bln (CY22: ~PKR 10.8bln), meeting the statutory capital adequacy requirement of SECP, with a core equity of ~PKR 5.7bln as of CY23 (CY22: ~PKR4bln). Similarly, as of 6MCY24, total equity stood at ~PKR 15.0bln (6MCY23: ~PKR 10.9bln).



PKR Mln

Jubilee General Insurance Company Limited
Public Listed Company

Jun-24	Dec-23	Dec-22	Dec-21
6M	12M	12M	12M

A BALANCE SHEET

1 Investments	27,719	24,986	20,752	18,652
2 Insurance Related Assets	19,574	12,898	11,814	8,174
3 Other Assets	1,623	1,589	1,465	954
4 Fixed Assets	159	160	181	139
5 Window Takaful Operations	-	-	-	-
Total Assets	49,075	39,633	34,213	27,919
1 Underwriting Provisions	10,723	7,906	6,096	4,961
2 Insurance Related Liabilities	17,991	13,888	13,663	9,485
3 Other Liabilities	5,096	4,042	3,636	3,093
4 Borrowings	-	-	-	-
5 Window Takaful Operations	-	-	-	-
Total Liabilities	33,810	25,835	23,396	17,539
Equity/Fund	15,183	13,797	10,817	10,379

B INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

1 Gross Premium Written/Gross Contribution Written	13,485	19,459	14,798	12,005
2 Net Insurance Premium/Net Takaful Contribution	4,726	8,787	6,965	6,318
3 Underwriting Expenses	(4,101)	(7,767)	(6,500)	(5,689)
Underwriting Results	625	1,020	465	629
4 Investment Income	1,883	3,235	1,683	1,637
5 Other Income / (Expense)	400	325	399	83
Profit Before Tax	2,907	4,580	2,547	2,350
6 Taxes	(1,092)	(1,574)	(936)	(681)
Profit After Tax	1,815	3,006	1,611	1,669

PARTICIPANTS' TAKAFUL FUND - PTF

1 Gross Contribution Written	1,340	2,288	1,741	1,391
2 Net Takaful Contribution	631	1,038	740	685
3 Net Takaful Claims	(645)	(1,185)	(731)	(706)
4 Direct Expenses Including Re-Takaful Rebate Earned	15	18	11	10
Surplus Before Investment & Other Income/(Expense)	1	(129)	19	(11)
5 Investment Income	15	27	(7)	(3)
6 Other Income/(Expense)	85	112	65	33
Surplus for the Period	101	10	77	20

OPERATOR'S TAKAFUL FUND - OTF

1 Wakala Fee Income	398	681	537	436
2 Management, Commission & Other Acquisition Costs	(279)	(385)	(340)	(308)
Underwriting Income/(Loss)	119	296	197	128
3 Investment Income	59	71	22	21
4 Other Income/(Expense)	41	50	26	(2)
Profit Before tax	219	417	245	147
5 Taxes	(86)	(177)	(87)	(43)
Profit After tax	134	240	158	104

C RATIO ANALYSIS

1 Profitability				
Loss Ratio - Net Insurance & Takaful Claims / Net Insurance Premium or Takaful Contribution	52.8%	57.5%	59.1%	56.4%
Combined Ratio (Loss Ratio + Expense Ratio)	86.8%	88.4%	93.3%	90.0%
2 Investment Performance				
Investment Yield	14.3%	14.1%	8.5%	9.2%
3 Liquidity				
(Liquid Assets - Borrowings) / Outstanding Claims Including IBNR	2.9	2.9	2.5	3.0
4 Capital Adequacy				
Liquid Investments / Equity (Funds)	176.5%	174.4%	183.9%	171.9%

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)	Exceptionally Strong. 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)	Very Strong. 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)	Strong. 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)	Good. 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)	Modest. 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)	Weak. 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)	Very Weak. 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)	Distressed. 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.

<p>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'.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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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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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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- (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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