



The Pakistan Credit Rating Agency Limited

Rating Report

The Universal Insurance Company Limited

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	IFS Rating	Outlook	Action	Rating Watch
25-Jul-2025	A (ifs)	Stable	Maintain	Yes
26-Jul-2024	A (ifs)	Stable	Maintain	Yes
27-Jul-2023	A (ifs)	Stable	Maintain	-
28-Jul-2022	A (ifs)	Stable	Maintain	-
31-Mar-2022	A (ifs)	Stable	Harmonize	-
10-Aug-2021	A-	Stable	Maintain	-
08-Feb-2021	A-	Stable	Maintain	-
21-Feb-2020	A-	Stable	Maintain	-
27-Aug-2019	A-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The ratings for The Universal Insurance Company Limited ('Universal Insurance' or 'the Company') reflect its association with the Bibojee Group, which provides multifaceted support, including capital injections when needed and access to captive business. The Company relies primarily on underwriting through a co-insurance agreement with a large insurance company, with ~58% of GPW driven by the motor segment. This strategy has limited the Company's ability to capture market business, resulting in a weak topline and market share. The Company's underwriting performance has been under stress, showing consistent losses. The investment book, reported at PKR 480mln as of CY24, remains unable to support the Company, reporting an unrealized loss on the investment of ~PKR 11mln. The investment book's size is relatively small to effectively support core business operations. On the financial risk front, the Company holds a stressed equity base of ~PKR 670mln as of CY24. Going forward, a stringent strategy is required to enhance the Paid up capital as per SECPs requirement of PKR 2bln by the end of 2030. However, Sponsors' commitment of capital injection provides comfort to the rating. Lately, the Company has strategized to expand its size through captive business and market reach. The same has been approved by the Board. The Company's standing remains dependent on the execution of this strategy to manage the business and financial risk, along with sustaining its position in the industry. PACRA assigns a Rating Watch registered by significant dilution of equity along with substantially weak performance. The Company must build itself around a sizeable business, going forward, to recoup the lost market standing.

The rating is dependent upon sustained improvement in the relative position of the Company, augmenting its sustainability as envisaged. Meanwhile, continued improvement in the business and financial profile of the Company remains imperative for the rating.

Disclosure

Name of Rated Entity	The Universal Insurance Company Limited
Type of Relationship	Solicited
Purpose of the Rating	IFS Rating
Applicable Criteria	Assessment Framework General Insurance(Mar-25),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study General Insurance(Jun-24)
Rating Analysts	Faiqa Qamar faiqa.qamar@pacra.com +92-42-35869504



Profile

Legal Structure The Universal Insurance Company Ltd. ('Universal Insurance' or 'the Company') was incorporated as a public limited company in May-58 as per Companies Act, 1913 (now Companies Act, 2017) and is listed on PSX since then.

Background Bibojee Group of Companies ('the Group'), founded by Lt. Gen. R. M. Habibullah Khan Khattak, established the Company in 1960 to venture into the insurance market.

Operations The Company is engaged in conventional non-life insurance and operates through a single branch. Its registered office is in Lahore

Ownership

Ownership Structure The Bibojee Group holds the majority stake in the Company (~86%), with the remaining shares held by Directors, Executives, and Corporations (~3%), and the General Public (~11%).

Stability The ownership of the Company reflects stability, funneled through the Group. The gradual induction of the next generation into the Group business further enhances this stability.

Business Acumen The sponsoring family entered the business arena in the 1960s and built notable businesses. The Group holds interests in various industrial sectors, including textile, auto, tyres & rubber, and construction.

Financial Strength The Group has the capacity to support the Company whenever needed. With investments in the automobile, textile, tyre and rubber, insurance, and construction sectors, the Group's financial strength enhances the Company's stability.

Governance

Board Structure The Company's Board comprises seven members: four Non-Executive Directors, two Independent Directors, and one Executive Director. The Board is dominated by the sponsoring family and includes female representation.

Members' Profile Lt. Gen. (Rtd.) Ali Kuli Khan Khattak serves as the Chairman of the Board with two decades of experience. He also holds positions on the boards of other group companies. Mr. Ahmed Kuli Khan Khattak serves as a Non-Executive Director with almost three decades of experience. The Board possesses a diverse set of expertise and skillsets.

Board Effectiveness The Board comprises three Board-level committees to enhance effectiveness: Audit, Investment, and Ethics, Human Resource & Remuneration. All meetings are thoroughly documented.

Transparency External Auditors of the Company, M/s Junaidi Shoaib Asad Chartered Accountants, have expressed unqualified opinion on financial statements of CY24. The firm is QCR-rated and is in category 'C' of SBP auditor panel

Management

Organizational Structure The Company's operations are managed through department heads reporting to the Principal Officer, who reports to the Board. The heads of Internal Audit, Investment and Ethics, and Human Resource & Remuneration functions report to their respective Board Committees and to the CEO administratively.

Management Team Dr. Shahin Kuli Khan Khattak serves as the CEO of the Company since Nov'23. She has an overall experience of over four decades with a diverse background encompassing education, educational institution setup, board memberships, extensive lecturing, editorial work, and authorship in Islamic studies and literature. She is supported by an experienced and professional team.

Effectiveness The management is supported by three management Committees: Underwriting, Re-insurance & Co-insurance, Claims Settlement, and Risk Management & Compliance. All the management committees meet on a quarterly basis. The minutes of these meetings are adequately maintained.

MIS The Company utilizes an integrated ERP solution with a SQL-based database and Crystal Reports II for real-time business performance reporting and analysis by period, agent, branch, and segments, supporting the risk management department's grading system.

Claim Management System Claim processing is centralized, with each claim verified by a surveyor before being reported to the head office. The survey report undergoes scrutiny by the Claims and Internal Audit Department. Once cleared by internal audit, payment is issued to the claimant.

Investment Management Function The Investment Committee oversees the investment function with a structured Investment Policy Statement (IPS) that provides primary guidelines and execution structure to the investment process.

Risk Management Framework Risk assessment begins at the branch level under the supervision of the respective principal and head office. Licensed surveyors from the SECP panel conduct onsite surveys, assessing all potential risks to the insured and advising clients on necessary precautions for safety.

Business Risk

Industry Dynamics The General Insurance industry had a total size of PKR 214bln during CY24 (CY23: PKR 188bln), exhibiting a growth of ~14%, in terms of GWP. The industry reported a growth of ~70% in underwriting profits (CY24: PKR 12.2bln, CY23: PKR 7.2bln). The net income of the industry also experienced an increase of ~33% to PKR 24bln during CY24 (CY23: PKR 18bln). The industry's overall outlook remains stable with substantial liquidity available with players.

Relative Position Universal Insurance holds a market share of less than ~1% as at CY24, and is classified as a small general insurance company.

Revenue During CY24, the Company reported a decline in GPW of ~30%, reporting at PKR 23mln (CY23: PKR 33mln), attributed to majority of the business being recurring. The motor portfolio remained the primary contributor (~58%), followed by Marine (~27%). During 3MCY25, the GPW portfolio remained stable, reporting at a low of PKR 3mln.

Profitability During CY24, the Company reported a ~14% rise in underwriting results, still resulting in a loss of PKR 65mln (CY23: PKR76mln), through minimizing underwriting expenses however premiums remained low. Investment income losses (CY24: PKR11mln), combined with poor underwriting performance lead to net losses. In CY24 the Company reported a bottom-line loss of PKR4.8mln (CY23: PKR154.9mln loss).

Investment Performance During CY24, the Company's investment portfolio decreased by ~7%, reporting at PKR 480mln due to decrease in cash and bank balances and divestment from subsidiaries and associates (CY23: PKR 516mln). During 3MCY25, the investment portfolio stood at PKR 476mln. The portfolio primarily consists of investment in equity instruments (~67%), government securities (~12%), and the remainder in cash and bank balances and investment properties. During CY24, the investment portfolio produced a loss of PKR 11mln (CY23: income of PKR 7mln), a percentage decrease of 257% During 3MCY25, the Company generated an investment income of PKR 2mln (3MCY24: PKR11mln), a decrease of ~82%.

Sustainability The Company is eyeing to enhance its market reach along with tapping the captive business, so as to increase its share and GPW. Timely and successful materialization of the strategy remains pivotal for the Company's growth. Moreover, strict discipline and a formal business plan to meet the SECP's raised minimum capital requirement of PKR 2bln by 2030 needs attention.

Financial Risk

Claim Efficiency During CY24, the Company's outstanding claims stood at PKR 97mln (CY22: PKR 101mln). The net insurance claim expense decreased by ~71%, reporting at PKR 7mln (CY23: PKR 24mln), owing to the low underwriting business written. Owing to the weak business performance the outstanding claims days saw a significant increase, indicating poor claim efficiency. During 3MCY25, outstanding claims were reported at PKR 97mln.

Re-Insurance Reinsurance arrangements comprise a combination of surplus, quota share and XoL treaties with optimal capacity limited. While, the reinsurer PakRe (AA by VIS) and Asian Insurance (B+ by AM Best) needs consideration.

Cashflows & Coverages The liquid investment book comprises ~90% of the total investment book reflecting the Company's commitment towards liquidity. As at 3MCY25 liquidity ratio (Liquid Asset/ Outstanding Claims IBNR) reported at 4.4x (3MCY24: 2.4x) reflecting strong coverage against the outstanding claims.

Capital Adequacy The equity of the Company has been on a declining trend owing to the consistent bottom line losses. As at 3MCY25 the equity bases of the Company reported at PKR 670mln (CY24 & CY23: PKR 668mln). The Company's ability to enhance the MCR to PKR 2bln by 2030 remains critical.



PKR Mln

The Universal Insurance Company Limited
Public Listed Company

Mar-25	Dec-24	Dec-23	Dec-22
3M	12M	12M	12M

A BALANCE SHEET

1 Investments	476	480	516	530
2 Insurance Related Assets	99	99	101	116
3 Other Assets	122	123	95	144
4 Fixed Assets	149	150	147	158
5 Window Takaful Operations	-	-	-	-
Total Assets	845	851	859	948
1 Underwriting Provisions	11	13	10	41
2 Insurance Related Liabilities	158	163	167	170
3 Other Liabilities	6	6	14	8
4 Borrowings	-	-	-	-
5 Window Takaful Operations	-	-	-	-
Total Liabilities	175	183	191	218
Equity/Fund	670	668	668	730

B INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

1 Gross Premium Written/Gross Contribution Written	3	23	33	107
2 Net Insurance Premium/Net Takaful Contribution	5	20	45	78
3 Underwriting Expenses	(21)	(85)	(121)	(235)
Underwriting Results	(16)	(65)	(76)	(157)
4 Investment Income	2	(11)	7	8
5 Other Income / (Expense)	9	66	20	2
Profit Before Tax	(6)	(10)	(49)	(147)
6 Taxes	(1)	5	(106)	36
Profit After Tax	(7)	(5)	(155)	(111)

C RATIO ANALYSIS

1 Profitability				
Loss Ratio - Net Insurance & Takaful Claims / Net Insurance Premium or Takaful Contribution	2.3%	33.7%	53.5%	87.8%
Combined Ratio (Loss Ratio + Expense Ratio)	438.6%	423.4%	267.6%	301.2%
2 Investment Performance				
Investment Yield	1.7%	-2.2%	1.3%	1.4%
3 Liquidity				
(Liquid Assets - Borrowings) / Outstanding Claims Including IBNR	4.4	4.5	2.0	1.5
4 Capital Adequacy				
Liquid Investments / Equity (Funds)	63.9%	64.7%	70.4%	66.9%

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	Long-Term Rating
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)	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.
AA+ (ifs)	
AA (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.
A+ (ifs)	
A (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.
BBB+ (ifs)	
BBB (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.
BB+ (ifs)	
BB (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.
B+ (ifs)	
B (ifs)	
CCC (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.
CC (ifs)	
C (ifs)	
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.

Rating Modifiers | Rating Actions

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) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) 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 General Insurance & Takaful Operator, and Life Insurance & Family Takaful Operator methodology

Disclaimer: PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell

Rating Team Statements

(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

Restrictions

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (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)

Independence & Conflict of interest

- (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)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (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)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (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)

Proprietary Information

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA’s prior written consent