

Date

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Analyst

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Applicable Criteria

- Assessment Framework | General Insurance | Mar-25
- Methodology | Rating Modifiers | Apr-25

Related Research

- Sector Study | General Insurance | Jul-25

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PACRA Upgrades the IFS Rating of Reliance Insurance Company Limited

Rating Type	IFS	
	Current (17-Nov-25)	Previous (22-Nov-24)
Action	Upgrade	Maintain
IFS Rating	A++ (ifs)	A+ (ifs)
Outlook	Stable	Stable
Rating Watch	-	-

Reliance Insurance Company Limited's ("Reliance Insurance" or "the Company") IFS rating derives strength from its association with the renowned sponsoring Groups, Al-Noor and Amin Bawany. Both Groups operate diversified businesses that add strength to the Company's overall policy framework. The Company underwrites non-life insurance policies. Overall, the non-life insurance sector has exhibited a growth of ~14% in terms of Gross Premium Written (GPW) during CY24. The underwriting results surged by ~70%. This, combined with better investment income, provided suitable support to the sectors' overall profitability. The players hold substantial liquidity; however, the prevailing economic conditions will continue to be a crucial factor for the industry's sustained performance. Reliance Insurance holds a market share of less than ~1%. The Company mainly provides conventional insurance, which is ~89% of Reliance Insurance's overall GPW. While window takaful operations generate ~10% of the Company's overall GPW. Despite posting organic growth over time, the Company gathers minimal support from its captive business. GPW posted a value-driven growth of ~10% in CY24, and ~25% in 9MCY25, where the majority (~54%) of the GPW trickles in from the fire and property segment only. Thus, the segmental concentration remains elevated. Core income remains steady, while a significant uptick in investment returns supplemented the Company's overall performance. This growth was attributed to the revival of the equity market, as the majority (~82%) of investment is tilted towards equity instruments. Diversifying focus towards better margin-generating segments that improve the Company's market share and manage concentration remains important. Moreover, the investment book might require attention according to the current shift in market returns. The financial risk profile is characterized by an adequate liquidity position. The Company maintains an adequate risk appetite, evident from the agreed treaties with creditworthy reinsurers. Enhancing pure equity, though gradual, to fulfil the SECPs increased MCR standing remains important to the assigned IFS rating, going forward. A formal equity injection plan has been undertaken by the management; adherence to which remains important. This, along with disciplined financial management, adds the requisite cushion. Better governance and managerial practices bode well for the Company. Thus, PACRA upgrades Reliance Insurance's IFS rating.

The rating is dependent on the Company's ability to improve its market position with sustained profitability. The liquidity position, hence, the financial risk profile should remain afloat with growth. Growth in the underwriting profits, along with equity enhancement as per SECP's requirement, remains crucial, going forward.

About the Entity

Reliance Insurance Company Limited ("Reliance Insurance" or "the Company") was incorporated as a public listed company, listed on PSX in 1981. Principal activity involves managing non-life insurance through conventional and window takaful operations in fire and property mainly.

The Company is majorly (~64%) owned by Al-Noor and Amin Bawany Groups. Mr. Irfan Zakaria Bawany chairs the Board, while, Mr. A. Razak Ahmed is the CEO/MD of the Company. They are assisted by an experienced management team.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.