Draft Press Release

JCR-VIS reaffirms IFS Rating of Jubilee Life Insurance Company Limited at AA+

Karachi, May 29, 2018: JCR-VIS Credit Rating Company Limited has reaffirmed the Insurer Financial Strength (IFS) Rating of Jubilee Life Insurance Company Limited (JLIC) at 'AA+' (Double A Plus). Outlook on the assigned rating is 'Stable'. The previous rating action was announced on September 23, 2016.

The life insurance industry has depicted a double-digit growth over the last 5 years and is largely supported by unit-linked policies. Given the low life insurance penetration in Pakistan, healthy growth in gross premiums is expected to continue. The rating assigned to JLIC takes into account very high capacity of the company to meet policyholder liabilities. Current rating also derives strength from its strong capitalization levels and adequate liquidity profile.

Business risk profile is supported by high concentration in investment-linked policies, sound persistency levels, healthy growth in business volumes and profitability. During the period under review, market share of JLIC increased as growth in premiums outpaced sector growth.

JLIC utilizes three avenues for business generation; nonetheless, bancassurance remains the primary business driver representing around 75% of the gross premium written. The company continues to make concerted efforts to improve contribution by its Direct Sales Force (DSF) in the coming years; a significant increase in the DSF channel, both, in the Conventional as well as Takaful was witnessed in 2017. Greater diversification of gross premium from DSF is a rating driver. In addition, the corporate business also recorded a significant growth in 2017. Business mix of the company primarily comprises individual life business, which has remained largely stable over time.

Given the growth in unit-linked policies, assets under management have witnessed significant increase during the period under review. Investment portfolio is considered healthy and comprises a mix of both government securities and listed equities. However, during 2017, performance of the funds under management was adversely impacted on account of the downturn in stock market, as was witnessed across the entire financial sector. Asset allocation and reinstatement of returns on investments would be amongst the key rating drivers, going forward. Moreover, profitability of the company has reflected steady growth during 2017, which is favorable in comparison to peers.

For further information on this rating announcement, please contact the undersigned (Ext: 201) at 92-21-35311861 or fax at 92-42-35311872 or Mr. Maimoon Rasheed at 92-42-35723411-13.

Javed Callea
Advisor

Applicable Rating Criteria: Life Insurance & Family Takaful (Oct 2017)
http://jcrvis.com.pk/docs/LifeTakaful%20201710.pdf

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