

Subject:- **Insurer Financial Strength (IFS) Rating of Pakistan Reinsurance Company Limited (PRCL).**

The Japan Credit Rating – Vital Information Services (JCR-VIS) Credit Rating Company Limited has reaffirmed the Insurer Financial Strength (IFS) Rating of Pakistan Reinsurance Company Limited at 'AA' (Double A) for the year 2012. Outlook on the rating is Stable.

2. The rating derives strength from the significant holding of Government of Pakistan in the Company. Moreover, given that all insurance companies of Pakistan are mandated to offer 35% of their surplus business to PRCL in the form of cession, the Company is expected to maintain a sizeable market share in premium ceded by the insurance industry.

3. The JCR-VIS have taken into account the improvement in underwriting profit of the Company on a timeline basis in 2011 on account of lower retrocession. While overall claims ratio has remained at prior year's level, claims performance in facultative business continues to be superior relative to that of treaty business. In view of this, further growth in the share of treaty business in overall business may result in upward pressure on net claims ratio, going forward. It observed that overall profitability of the Company receives strong impetus from recurring earnings on investment portfolio.

4. Even though insurance debt represented more than one-third of gross premium, JCR-VIS have noted that outstanding liabilities are adequately covered by liquid assets.

5. This is the second year running that PakRe has earned this distinction in 2012. Besides, PakRe has been acclaimed the best Non-Life Reinsurance Company by Management Association of Pakistan (MAP) for 2011 for Corporate Governance Excellence Award–2011. PakRe, the lone reinsurer in Pakistan is a Public Sector Enterprise, has earned Rs.900.00 Million after tax profit, announced and distributed 30% dividend to its shareholders (51% - Federal Government, 24% - SLIC and rest minority including staff of Pak Re) amounting to Rs.900 Million, and six bonuses to its employees.