



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

IIRA Reaffirms Takaful Financial Strength Rating of the Islamic Insurance Company

Manama, October 20, 2020–The Islamic International Rating Agency (IIRA) has reaffirmed the Takaful Financial Strength (TFS) rating of The Islamic Insurance Company PLC ('TIIC' or 'the company'), Jordan, at 'A' (Single A). Outlook on the assigned rating is 'Stable.'

The Islamic Insurance Company is one of only two takaful operators in the Hashemite Kingdom of Jordan ('Jordan' or 'the Country'). With a share of 41.42% in the company, Jordan Islamic Bank is the largest shareholder in the company. Over the years, the insurance sector has posted generally subdued growth, reflective of a general slow pace of growth in the economy.

With an expectation of further slowdown in 2020, business momentum may be adversely affected in the ongoing year. While no direct impact from COVID-19 is likely to arise given pandemic related exclusion from policies, and with a likely decline in claims given restricted movement and preventive health measures having been taken, takaful companies are prone to asset side risks including potential slide in investment values. Profitability of TIIC is expected to remain largely consistent with prior years, with limited downside risk and some potential for improved claims performance, as also evident from half year performance. Solvency indicators of the company have also remained historically strong. Liquidity profile is reflective of sustained cash flows.

The re-takaful panel has been largely consistent over the years. TIIC's risk sharing approach remains conservative, employing surplus/quota share treaties for larger risks. Proactive stance to meet regulatory requirements has ensured that all reinsurance companies on the panel continue to be rated in investment grade. Over the years, risk retained in relation to sum insured has also remained largely range-bound.

The company's overall fiduciary score has been steady in the range of '76-80', reflecting strong protection of the rights of various stakeholders. Moreover, TIIC has fully-instituted Shari'a oversight at the Board level, its highest governance body, which has been further strengthened through formation of a Shari'a Control Committee, which oversees Shari'a related matters at the Board level.

For further information on this rating announcement, please contact IIRA at iira@iirating.com.

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