



IIRA Reaffirms Takaful Financial Strength Rating of the Islamic Insurance Company

Manama, February 18, 2019 – 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.'

Established in 1996, the Islamic Insurance Company is the first and one of only two takaful operators in the Hashemite Kingdom of Jordan ('Jordan' or 'the Country'). Holding 41.7% stake in the company, Jordan Islamic Bank ("JIB") is the principal strategic shareholder and is well reputed as the oldest and largest Islamic Bank in Jordan. TIIC held a market share of 6.7% and 3.5% in life and non-life segments respectively as of end-2017 .

In 2017, the growth in the Jordanian Insurance Sector slowed down while the profitability measures deteriorated in tandem with rising claims ratios. Earnings performance of TIIC also dipped in 2017 and further markedly in 3Qs'2018, with deterioration in underwriting results, driven by the medical segment in 2017 and the motor and family takaful segments in Q3'2018. However, the company has registered superior profitability metrics vis-à-vis peers .

The company maintained its superior capitalization as evidenced by a solvency margin exceeding the sector average by a wide margin and with risk adjusted operating leverage standing well below peers. Albeit declining compared to year-end 2017, liquid assets coverage of technical reserves as of September 2018, points to strong liquidity levels. The rating is further supported by the limited risk retention on own account.

The company's overall fiduciary score has been revised upward to the range of '76-80', reflecting strong protection of the rights of various stakeholders. The upward revision is supported by considerable improvement to Board composition in terms of increased independent representation and enhanced CG-related disclosures in recent years. Moreover, TIIC has fully-instituted Shari'a oversight at the Board level, its highest governance body .

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