



IIRA Upgrades the Takaful Financial Strength Rating of the Islamic Insurance Company

Manama, December 27, 2024—The Islamic International Rating Agency ('IIRA') has upgraded the Takaful Financial Strength (TFS) rating of The Islamic Insurance Company PLC ('TIIC' or 'the Company'), Jordan, to 'A+' (Single A Plus). Following the positive outlook assigned to ratings of TIIC on December 2023, the rating upgrade reflects favorable macro-outlook for Jordan following recent geopolitical developments in the region, strong shareholder structure of TIIC, a trend towards more profitable family takaful segment within business segments, recent increase of paid-up capital, much stronger than peers' solvency ratio, and steady improvements in control infrastructure. The outlook on the assigned ratings is 'Stable'.

The Company has three branches countrywide and held a market share of 8.0% (2022: 7.4%) and 3.94% (2022: 3.86%) in life (family takaful) and general insurance (takaful) segments by 2023, respectively. TIIC's gross written contributions (GWC), constitutes 4.7% (2022: 4.4%) of the aggregate contributions underwritten in the domestic market.

The largest shareholder of the Company is the Jordan Islamic Bank (JIB), which is the oldest and largest Islamic bank operating in Jordan, and representing 9% of the Jordanian banking sector assets as well as holding 46% market share within the Islamic segment. JIB is held in majority by the Al Baraka Group B.S.C. ("ABG" or "the group" and erstwhile Al Baraka Banking Group) which provides financial services through its banking subsidiaries in 13 countries, in accordance with the principles of Islamic Shari'a, and had total assets of USD25.5bn by end-June'24. Hence, the shareholder structure of TIIC is deemed to be rating positive.

TIIC is principally engaged in a range of insurance business segments. The gross written contributions of the Company registered growth of 10.7% in 2023 to JD34.6mn (2022: JD31.2mn), primarily driven by motor and family takaful segments, with respective growth at 15.0% and 15.6%. Additionally, during H1'24, the GWC grew to JD24.2mn (H1'23: JD22.6mn) on account of further growth in family takaful and motor segment. Takaful business has been gaining prominence both as a business component of TIIC and in comparison, with sector norms. TIIC prioritizes growth in this segment, given that the segment is more profitable on a risk adjusted basis.

At H1'24, the solvency margin of the Company stood at 270%, well above the regulatory threshold of 150%. TIIC is considered sound from a solvency risk standpoint, as the Company has adequate cushion in terms of total admissible assets over its liabilities. The increase in paid-up capital to JD16.5mn from JD15mn during Q3'24, from voluntary reserves, was noted positively. On the other hand, coverage of technical reserves by liquid assets improved slightly to 234.6% (2022: 231.2%) by end-2023, also reflective of sound liquidity buffers.



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TIIC's risk profile is supported by strong reinsurance coverage provided by a diversified panel of reinsurers. The risk profile of the reinsurance panel is considered sound as all reinsurers are rated in the 'A' band.

The overall fiduciary score has been maintained in the range of '76-80', reflecting strong protection of the rights of various stakeholders. Board elections in 2024 led to re-election of 6 members, and induction of 5 new members. A new Chairman Mr. Issa H. Murad and Vice-Chairman Mr. Fadi Aboul Hosn, Representative of M/S Islamic Arab Insurance Co. (SALAMA), were elected. All the elected members hold adequate experience, qualifications and expertise that are imperative for their role. The Company is following the Governance Manual as per the most recent regulatory directives since 2023. The apex controlling body for Shari'a governance remains the Shari'a Supervisory Board and Board Shari'a Control Committee. Under the direction of Shari'a Supervisory Board, control policies and procedures have been laid down and monitored by Shari'a control committee. In 2023, the contribution of the Company towards social responsibility increased comparable with the prior years.

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

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