
IIRA Reaffirms Takaful Financial Strength Rating of the Islamic Insurance Company

Manama, July 05, 2022—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 Jordan economy is expected to resume growth by 2.2% in 2022 & 2.3% in 2023, following a year of recovery in 2021. New investment projects surged in Q1'22, benefiting from a conducive investment climate in the country, and targeted at strategic sectors such as health care, education and transportation, and with a major national mass transit project on the anvil. We expect growth to trickle down to the financial and services sector in the country.

In the backdrop of economic recovery in 2021, gross premiums of TIIC posted a growth of 11.5%, driven mainly by the life takaful segment, and with the onboarding of significant new business from a local financial institution. As the claims ratio normalized, following a dip during pandemic, combined profitability declined in tandem with industry trends. The company's profits for the year 2021 amounted to JD 1.97 million and rank fifth in terms of profit at the level of local Companies".

TIIC maintains strong capital buffers vis-a-vis regulatory requirements. Solvency ratio improved further to 336% during 2021 (2020: 327%). Equity to technical reserves also improved to 190.5% (2020: 169.7%). Liquidity buffers are strong with liquid assets to total assets increasing to 84.4% as at end-2021 (2020: 82.9%).

Noteworthy changes to the Re-Takaful panel include replacement of G.I.C Re (share) with Munich Re for Medical Business. Risk retention ratio has been declining over the years with a cession ratio of 38.67% during 2021 (2017: 30.42%), reflecting an increasingly conservative stance towards risk. Limits available to write business have largely remained similar to prior years.

The most significant shareholder of the company is Jordan Islamic Bank, which owns 41.67% of the company's shares. It is the largest Islamic Bank in the country and part of the Al Baraka Banking group. JIB provides support to TIIC, both in terms of policy framework and business generation.

The company has built strong corporate and Shari'a infrastructure, supported by an independent board. Established policies and procedures, and dedicated departments for HR, IT, Internal Audit, Risk Management and Compliance reinforce controls. Shari'a Governance is managed by a dedicated Shari'a Supervisory Board that ensures compliance with Shari'a standards and a Control Committee at Board level, which also oversees Shari'a related matters. The company has strong disclosures for both Corporate and Shari'a governance. The overall fiduciary score has remained in the range of '76-80', reflecting strong protection of the rights of various stakeholders.

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