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# DAWN

# BUSINESS

## IGI Insurance acquires American Life

By Dilawar Hussain

**KARACHI:** In a major buyout deal in the country's insurance sector, IGI Insurance Limited has acquired controlling stake of 69.69 per cent in American Life Insurance Company (Pakistan) Limited (Alico) for Rs732 million.

The transaction, which was being worked out for some time, closed on Thursday after 34.84m shares in Alico, held by the American Life Insurance Company, Delaware, USA passed into the hands of IGI Pakistan.

The members of the Alico's board of directors resigned on Thursday, giving way to placements by the new owners.

Jalees Ahmed Siddiqi, chief executive at IGI Insurance, told *Dawn* on Thursday that his company was attempting to secure footprints into the life insurance business since 2006. In the fold of the reputed Packages group, IGI Insurance has an asset base of Rs13 billion and shareholders' equity at over Rs10.8bn.

"IGI is the biggest general insurance company in the country by market capitalisation," Mr Siddiqi

claimed. The acquisition of 34.84m shares from Alico works out at 85pc of the holdings of the former owner; the American giant has for the present retained 15pc equity, which is envisaged to be sold/bought in the next three years.

A company handout on Thursday stated that with the completion of all legal and corporate formalities, Alico Pakistan was now part of IGI and was in the process of applying to the Securities and Exchange Commission of Pakistan for a change of name to IGI Life.

It noted that Alico US was a MetLife Inc. Company, a leading

global provider. The company first entered Pakistan in 1952 and continued till 1972 when the life insurance industry was nationalised. By 1972, Alico had issued 72,000 policies and invested more than \$36m in the country's economy. In 1994, Alico US was the first foreign life insurer to re-enter Pakistan.

IGI Insurance Limited statement said that the company had complied with the requirements of public offer pursuant to the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002, and the Listed Companies (Substantial

Acquisition of Voting Shares and Takeovers) Regulations, 2008.

The CEO at IGI Insurance lamented that the insurance penetration in the country at 0.4pc of the gross domestic product (GDP) was abysmally low. He, however, asserted that there was a visible growth in life insurance sector in the last two years.

Mr Siddiqi believed that the acquisition of Alico would accelerate IGI's growth strategy, diversify IGI's product mix, distribution channels and outreach through Bancassurance and Captive Field Force spread over 11 cities.