

Directors' Report To The Shareholders

For The Year Ended December 31, 2020

**DEAR SHAREHOLDERS,
ASSALAMUALAIKUM,**

Once again, on behalf of the Board of Directors of your Paramount Insurance Company Limited, it is our pleasure and privilege to present the Directors' Report and Auditors' Report together with the Audited Financial Statement for the Year ended 31st December 2020. In this dignified gathering I, on behalf of all the Board of Directors would like to express my heartiest gratitude and welcome all the shareholders of the 22nd Annual General Meeting being the member of '**Paramount Family**'.

This Report of the Board of Directors of our company has been prepared in compliance with the provisions of section 184 of the Companies Act 1994 (Act No. XVIII of 1994) and other relevant rules and notifications issued by the Bangladesh Securities Exchange Commission & other regulatory bodies.

Through this report the Directors have made relevant disclosures and explanations relating to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance and achievements of the company.

YOUR COMPANY:

As you know, your company Paramount Insurance sailed it's anchor at the beginning of the year 2000 upon getting permission of the Government of the Peoples Republic of Bangladesh in the end month of the year 1999. Since then our efforts in establishing "**Paramount**" in a very good position is going on. Present position of the company is the result of our joint effort and your support. I believe, our progress will reach it's destination by the grace of Almighty Allah along with your co-operation in all respect.

GLOBAL ECONOMY, BANGLADESH & COMPANY RELEVANCE:

Economic policy makers around the world particularly the westerns countries, North American & South Asian have sweated much hammering out from the ongoing economic illness. Now a days, world economy shown a downward trend due to pandemic "Covit-19".

Bangladesh Economy has a unique character of reliance that always helps in coming out of many adverse situations like devastating floods, cyclones, political unrest etc. But the final



impact of financial meltdown in the world economy touched its hands in the business activities of all sectors of the country. The decline was noticed in export-oriented industries due to poor response from external buyers which resulted in weak domestic demands for their products. Bangladesh economy achieved a GDP growth of over 5.24% but there was an inflation of 5.65% during the year 2020 in a very challenging domestic and global economic environment.

Due to export earnings and the remittances inflows, the economic growth demonstrated a satisfactory level buoyed by domestic demand. During the year 2020 under report total GDP reached at 5.24%. as against 8.15% in the year 2019.

By the grace of almighty, your company managed a growth of 24.41% in terms of wealth maximization during this ongoing pandemic situation.

NON-LIFE INSURANCE INDUSTRY:

Bangladesh has a history of insurance industry aging a near about a century. In 1973, the Government has decided to separate the insurance sector by Life Insurance and General (Non-life) Insurance. At the same time, the government has formed two bodies i.e. Jibon Bima Corporation to deal with Life Insurance activities and Shadharan Bima Corporation to deal with General Insurance activities. Now the total number of non-government General (Non-life) Insurance Company is reached at 46.

Last few years, the stable growth rate was around 6% of the Bangladesh Insurance Industry which was only 0.59% of the total GDP. The expansion of the insurance business, particularly the non-life sector, has experienced a downward trend because of poor investment, lack of proper insurance information, slowdown of economic activities and high tax rate. Hopefully, now the government as well as regulatory bodies takes some crucial initiatives to boost up the industry as it is the “**Mujib Satabarsha**” and also with a view to achieve the Sustainable Development Goals (SDGs).

In these consequences, Paramount has done well amongst the 3rd generation insurance companies and managed a net profit after tax of Tk.182,288,613/= and earnings per share stood at Tk. 5.38 which is 53.80% in terms of face value per share.

BUSINESS ACHIEVEMENT:

Respected Shareholders, you are aware that the Non-Life insurance business is mostly dependent on expansion of industries, growth in trade and commerce, and also the increase in investment including FDI, the economic and political stability and normal life situation which of course, could to some extent be maintained during the year under review. In the face of it, there are several other impediments which were haunting the insurance industry for long



rather those were further intensified hampering the bright future of the industry in the previous years. Those were undercut in tariff, rising procurement cost, uneven taxation policy etc. Hopefully the relevant authorities have taken some strong directives and initiatives to overcome these shortcomings. During the year 2020 your company achieved a gross premium income of Tk.393,714,728/= which is 34.91% higher than that of last year. On the other hand, Net Worth of the company was increased to Tk. 902,150,613 as against Tk. 725,120,511/= in the last year.

we are doing better compare to last few year business performances and still now trying to reach the Business target for the year 2021. We are very much agreed on to fill up the business target by increasing the trend of business within the domain of the Insurance Act and other relevant laws.

SEGMENT WISE BUSINESS PERFORMANCE:

During the year 2020 Paramount Insurance Company Limited has earned a gross premium of Tk. 393.71 Million in the following business segments;

Particulars	Current year	Previous Year	% increased
Fire Insurance	Tk. 221.04 million	Tk. 135.41 million	63.24%
Marine Insurance	Tk. 98.15 million	Tk. 72.02 million	36.28%
Motor Insurance	Tk. 45.16 million	Tk. 39.71 million	13.73%
Misc. Insurance	Tk. 29.36 million	Tk. 44.68 million	(34.29%)
Total Gross Premium	Tk. 393.71 million	Tk. 291.82 million	34.92%

PROFIT, DIVISIBLE PROFIT & DIVIDEND:

In the face of various hurdles, economic stagnant, and ups and downs in the market, your company has been able to retain its operation profitability with a view to build up of a solid base. Paramount Insurance earned a profit of Tk. 246.25 million before taxation. It has transferred a total of Tk. 139.80 million to reserve for exceptional loss up-to current year in order to maintain strong base for meeting future probable exceptional claim or catastrophe. During the year 2020 Tk. 63.96million has been transferred to provision for income tax and deferred taxation. Balance of net profit Tk. 182.29 million has been retained for shareholders. A meeting of the Board of Directors of the company held on 08 March 2021 has recommend 20% stock dividend (i.e. 5:1) for the year 2020 out of this surplus. To reach at a paid-up capital of 40 crore as per section-21[Schedule-1(1-b)] of the Insurance Act 2010, the board decided to declare stock dividend of 20% only. The Board believes that the company, by utilizing your investment properly and materializing the opportunities of new Act and directives of IDRA, we will be able to improve in the coming years. Your Company spent



