

AlphaRating

PARAMOUNT INSURANCE COMPANY LIMITED

(House # 22 (Level- 4) Road # 113/A, Gulshan-2, Dhaka-1212, Bangladesh)

(Non-Life Insurance)

R
A
T
I
N
G

R
E
P
O
R
T

14 November, 2021

Chief Executive Officer
Paramount Insurance Company Limited
House # 22 (Level # 4) Road # 113/A, Gulshan-2,
Dhaka-1212.

Subject: Credit Rating of Paramount Insurance Company Limited.

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating) has assigned the following rating to **Paramount Insurance Company Limited**.

Date of Declaration	Valid Till	Long Term Rating	Short Term Rating	Outlook
14 November, 2021	13 November, 2022	AA	ST-2	Stable

The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Paramount Insurance Company Limited**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With Kind Regards,



Riyadh M. Hossain MBA (USA)
Chief Risk Officer

This letter forms an integral part of the credit rating report.

AlphaRating

PARAMOUNT INSURANCE COMPANY LIMITED

(Non-Life Insurance)

Date of Declaration	Valid Till	Long Term Rating	Short Term Rating	Outlook
14 November 2021	13 November, 2022	AA	ST-2	Stable

Date of Incorporation : 10th November, 1999

Registered with Department

Of Insurance : 28th December, 1999

DSE & CSE Listing Date : December, 2007

Chairman : Mr. Nawaz Ahmad

Managing Director & CEO : Mr. Md. Sajjad Yahya


Total Assets : BDT 1,494.15 Million (As on 30 June, 2021)

Authorized Share Capital : BDT 600.00 Million

Paid Up Share Capital : BDT 406.65 Million (As on 30 June, 2021)

Contact Analysts : Gobinda Roy gobindaprasad.roy@alpharating.com.bd

Tanmoy Saha tanmoy@alpharating.com.bd


Riyadh M. Hossain MBA (USA)
Chief Risk Officer
Alpha Credit Rating Limited

Alpha Credit Rating Limited

Paramount Insurance Company Limited**AA Long Term Rating****ST-2 Short Term Rating**Outlook **Stable**Date of Declaration **14 November, 2021**Valid Till **13 November, 2022**

Business Risk High	Liquidity Good	Profitability good	Solvency Score Good	Capital Adequacy Adequate	Sector Non-life
-----------------------	-------------------	-----------------------	------------------------	------------------------------	--------------------

Analysts**Gobinda Roy**gobindaprasad.roy@alpharating.com.bd**Tanmoy Saha**tanmoy@alpharating.com.bd**Contents**

Rationale	2
Company Profile	3
Industry Overview	5
Business Risk	10
Financial Risk Analysis	12
Management & Other Qualitative Factors	17
Company Information	20

Date of Incorporation:
10 November, 1999Date of Registration from the Chief
Controller of Insurance: **28
December, 1999**DSE & CSE Listing Date:
December, 2007Board Chairman:
Mr. Nawaz AhmadChief Executive Officer:
Mr. Md. Sajjad YahyaTotal Asset:
BDT 1,494.15 million (As on 30 June,
2021)Authorized Capital:
BDT 600.00 millionPaid up Capital:
BDT 406.65 million (As on 30 June,
2021)**Rationale**

AlphaRating assigns long term rating **"AA"** (pronounced as **'Double A'**) and short term rating **"ST-2"** on claim paying ability (CPA) of **Paramount Insurance Company Limited** (Hereinafter referred to as 'PICL' or 'the company') with a stable outlook. The rating is based on the audited financial statement of FY 2018 to 2020, for the year ended 31 December and unaudited financial statements till 30 June, 2021 and other qualitative information provided by the management.

The assigned rating is supported by claim settlement period within 90 days, good expense management which has led to positive gap between allowable and actual expenses, increased gross & net premium, improve in yield on investment, less than 100% combined ratio, increased total underwriting profit, increased total asset base, adequate paid up capital, increased total investment, good liquidity position, improved net profit margin along with ROA & ROE, increased cash flow from operation, good track record of the company etc.

However, the strength of the rating is partly offset by overall socio economic condition of Bangladesh along with volatility of the share market, insufficient solvency, non-compliance of investment policy against Govt. Securities, decline misc. revenue account etc. The rating also considers inherent business risks, unhealthy competition between the competitors and level of sophistication of the domestic insurance market.

	2020	2019	2018
Net Profit Margin (%)	91.33	25.62	15.23
ROA (%)	20.85	5.90	2.75
ROE (%)	20.21	5.34	4.00
Combined Ratio (%)	72.29	87.72	116.53
Current Ratio (x)	2.46	2.44	2.56
Solvency ratio (x)	2.32	2.24	-
Gross Premium (BDT in million)	393.71	291.82	260.96
Net premium (BDT in million)	199.59	151.25	113.87
Underwriting Income (BDT in million)	93.10	26.99	6.03
Excess of Mgt. Exp. (BDT in million)	(28.21)	(17.69)	(21.07)
Operating Cash Flow (BDT in million)	92.99	16.94	53.51
Net Claim (BDT in million)	15.50	22.40	40.72
Investment (BDT in million)	678.42	433.05	411.80
FDR (BDT in million)	408.05	352.55	307.53
Yield on investment (%)	23.52	7.37	4.80

The rating also considered QTDR investment facility availed by the company from Islami Bank Bangladesh Limited, Head Office Complex Corporate Branch, Dhaka.

The Stable Outlook assessed by AlphaRating reflects that, upside and downside risks to the rating are currently well balanced


Riyadh M. Hossain MBA (USA)
Chief Risk Officer
Alpha Credit Rating Limited

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Company Profile

Paramount Insurance Company Limited is a third generation private sector Non-life insurer in Bangladesh established on 10 November, 1999 under the Company Act 1994 and complies with Insurance Act 2010 and directives as received time to time from IDRA. The company is a public limited company by shares and operating successfully in both the stock exchanges of the country. The objective of PICL is to prove integrity and credibility to the client by extending sincere and meritorious services to them

PICL is active member of capital market having BDT 3,257.264 million market capitalization on 07 October 2021. According to DSE, market share of the company is categorized as "A". The board of PICL has last issued 20% bonus share in FY 2020 (2%-2019, 5%-2018, 10%-2017, 8%-2016, 10%-2015, 10%-2014, 10%-2013, 5%-2012, 5%-2011, 10%-2010 & 10%-2009) along with 2% cash dividend in FY 2019 & 2% for the FY 2016.

Branch Network

The Company carries out its activities through its Head Office located at House # 22 (Level #4) Road # 113/A, Gulshan-2, Dhaka-1212. The company is running its operation successfully with 14 branches covering major financial centers of Dhaka, Chattogram, Khulna, Jashore, & Rangpur Division with the assistance of more than 191 employees.

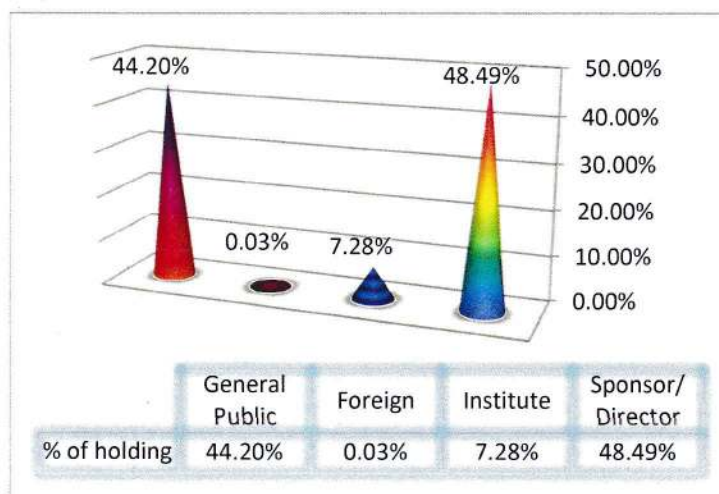
Group Profile:

Paramount Group of Companies which was established in 1986 has been always praised for their professionalism, code of conduct and quality products. Total asset of the group is more than Taka 1,000 crore which belong to the following sister companies.

SN	Name of Companies
01.	Paramount Textile Ltd.
02.	Paramount Btrac Energy Limited
03.	Paramount Spinning Ltd.
04.	Foodex International Limited
05.	Paramount Holdings Ltd.
06.	Paramount Engineering Ltd.
07.	Paramount Agro Ltd.
08.	Sunrise Chemical Industries Ltd.

Ownership Pattern

The shareholding pattern of the company on 31 August, 2021 is presented below:



Products

Motor Insurance

- Motor insurance for commercial vehicles
- Motor insurance for private vehicles
- Motor insurance for motor cycle
- Motor trade road risks.

Fire Insurance

- Fire Insurance (including allied perils)
- Industrial all risks
- Silent risks
- Power Plant operational package

Marine Cargo Insurance

- Time Policy
- Voyage Policy
- Mixed Policy
- Floating Policy
- Valued Policy

Marine Hull Insurance (TLO & TC)

- Inland Marine Hull Policy
- Voyage Policy for Hull Insurance

Engineering Insurance

- Machinery insurance (Machinery breakdown)
- Deterioration of stock (DOS)
- Boiler and pressure vessel
- Electronic equipment (EEI)
- Erection all risks (EAR)
- Contractor's all risks (CAR)
- Machinery Breakdown (MBD)

Miscellaneous/Accident Insurance

- Burglary & house breaking insurance
- Business interruption
- Cash in-ATM Booth
- Cash in safe
- Cash in transit
- Cash on counter
- Fidelity guarantee insurance
- Money in financial organization
- Overseas mediclaim
- Property damage all risks
- personal accident
- People personal accident
- Workmen's compensation
- Safe deposit all risks

Industry Overview

The role of insurance in managing risks in an economy cannot be overstated. At a micro level, insurance safeguards households and companies from a myriad of risks. From a macro perspective, it reduces the financial burden on a government and creates a stable environment in which businesses can thrive and succeed. While Bangladesh has taken gigantic strides on the path to economic prosperity, its insurance sector is a vital area that requires considerable attention and can benefit significantly from regulatory reforms.

Snapshot of Bangladesh's insurance industry

Currently, Bangladesh's insurance sector comprises 46 non-life insurance companies and 33 life insurance companies. In addition, there are two state-owned insurance corporations—one in the non-life segment and the other in the life segment.

The gross premium volume of life insurance in Bangladesh stands at BDT 96,082.20 million and that of non-life stands at BDT 36,827.00 million at the end of 2019, which was BDT 89,921.30 million for life insurance and BDT 33,907.90 for non-life insurance at the end of 2018. Moreover, 6.85% and 8.61% growth in gross premium has been observed in life & non-life insurance respectively in 2019. However, total gross premium (life & non-life) has grown to BDT 132,909.10 million with a growth rate of 7.33% in 2019 (see Figure 1). Life insurance constitutes 72.29% of Bangladesh's insurance market and non-life insurance constitutes 27.71%.

Micro-insurance and Islamic insurance are also a part of Bangladesh's insurance sector. In 2019, approximately 1.61 million new life and 2.61 million new non-life insurance policies were issued. Further, the number of active life insurance policies was approximately 9.68 million in 2019. The assets of all insurance companies in Bangladesh stood at BDT 522,534.40 million at the end of 2019, with an average growth rate of 4.50% from 2018. Investments in both life and non-life insurance companies have grown at an average rate of 4.25% in 2019. The life insurance sector has a competitive landscape, with market share being closely distributed among multiple players.

As per the provisions enunciated in the Motor Vehicles Ordinance, 1983 (hereinafter referred to as the MVO, 1983) taking a motor vehicle insurance was mandatory for the owners of motor vehicles except for the ones owned by the government. The newly enacted Road Transport Act, 2018 has made Act Liability Insurance (Third Party Motor Insurance) optional to the owners to take such insurance and instructed Police authority to curb practice for verifying obligatory insurance certificate and as such no penal action.

Insurance Development and Regulatory Authority (IDRA) has also cancelled the product "Third Party Motor Insurance". Now the owners of motor vehicles are to take only "Comprehensive Motor Insurance Policy" for compensation of loss or damages of vehicle as well as passengers. Now Police Authority is not checking motor insurance certificate and the owners of vehicle are reluctant to take comprehensive motor insurance policy. This situation has badly affected the motor insurance premium income.

Benchmarking Bangladesh's insurance industry

Although Bangladesh's insurance sector has witnessed some growth, in comparison with other emerging nations, there is a lot of room for improvement. According to the Seventh Five Year Plan (2016–2020) of the Government of Bangladesh (GoB), a majority of the population across product segments (life and non-life) remains untapped by the insurance market.

Life insurance penetration (insurance premiums as a share of GDP) in Bangladesh was 0.30% in 2019, while the average for emerging countries was 1.70% as per Swiss Re, a leading global re-insurer. In case of non-life insurance, it was 0.10% in Bangladesh, whereas 1.50% for emerging nations. In the year, overall insurance penetration was less than 0.50%, which was 0.57% in 2018 and 0.55% the year before. Bangladesh's insurance penetration mostly been on a downward trend as well as falls behind that of several other developing countries. Bangladesh's insurance sector is currently unable to keep pace with emerging markets around the globe. To bring this to perspective, total inflation adjusted premium growth was 3.10% in Bangladesh in 2019. However, this was 8.10% in emerging countries.

Need for key insurance products in Bangladesh

Agricultural sector

The sector accounts for more than a third of all employment in Bangladesh and is an integral part of the country's economy. Bangladesh suffers from agricultural production 'shocks' every five years, leading to a drop of up to 50% in crop income for rural households. This is one of the leading causes of poverty among many small- and medium-scale farmers. Moreover, there are very few providers of agricultural insurance products. Dedicated efforts to increase the penetration of different insurance products by private and state-owned companies, facilitated by conducive regulations, can help farmers transfer some of these risks and reduce their extreme income volatility.

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Health sector

Health insurance is another crucial area that needs development. Health insurance is virtually non-existent in Bangladesh's public and private sectors. Bangladesh's expenditure on health is only 2.64% of its GDP—the lowest in South Asia. Close to 9% of households make huge healthcare payments and 7% have to finance their healthcare costs by selling their assets. People in rural areas are especially vulnerable to falling into the poverty trap. Pension schemes are mostly seen in the Government sector and most of the elderly population relies on family support for sustenance. As Bangladesh develops and life expectancy rises, its elderly population will increase proportionately. The insurance sector can play a vital role in reducing the

burden on the overall spending on healthcare and
 towards increasing the livelihood of the

Figure 1: Insurance Industry Trend of Bangladesh

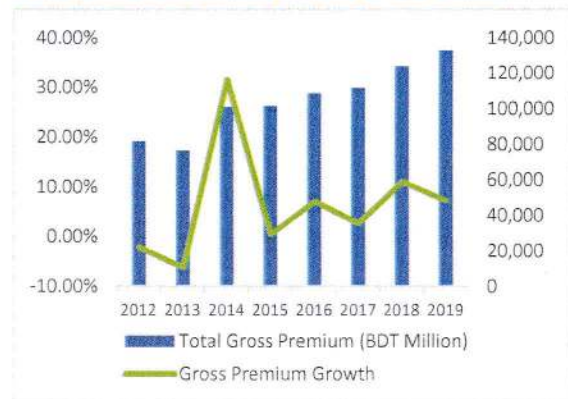


Figure 2: Emerging Asia is projected to capture much of the growth in life insurance premiums

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Favorable indicators for insurance sector development

Bangladesh sustained an impressive annual GDP growth rate of 8.2% in 2019. Bangladesh's GDP growth rate has been increasing steadily for the last six years. Strong consumption and public investment, recovery of readymade garments (RMG) exports and high remittance growth were the main propellers of economic growth, bolstering the rise in income per capita and growth of the middle-class population.

Macroeconomic trends indicate potential growth in the country's insurance sector, especially given Asia's unprecedented growth. The region is set to represent a large share of overall life insurance premiums between 2016 and 2025, rising from 11.6% to 21.7% (see Figure 2).

Bangladesh is poised to capture some of this growth. The country's economic growth has been on an upward trend, which bodes well for the insurance sector (see Figure 3).

In the next decade, Bangladesh will continue to witness the rise of the middle and wealthy class in major cities. This could easily translate into a higher demand for insurance products as individuals and companies become increasingly risk aware.

As the country becomes increasingly industrialized, the demand for non-life insurance, such as fire, accident and property as well as workers' compensation insurance, is likely to experience substantial growth in demand.

Bancassurance opportunity

Bancassurance (a partnership between an insurance company and a bank where the bank sells insurance products) presents specific growth opportunities in Bangladesh's insurance sector and can result in mutual benefits for banks, insurers, customers and regulators. Banks usually have the preexisting technological and human resources to provide the best customer services.

Thus, it is likely to be more convenient for customers to, for instance, pay premiums and repay cash loans backed by life insurance policies from their banks' ATMs. Customers could also benefit from more customized product suites, including overdraft insurance, depositors' insurance and loan-bundled insurance. Further, decreased costs of insurance for insurers are likely to lower premium rates, making insurance more accessible to customers. Insurers may develop new financial products in collaboration with their bank partners. In Bangladesh, it has been found that customers tend to trust banks more than they trust insurance agents.

On the regulatory side, financial institutions that diversify their product range may reduce systematic risk. In addition, insurers can access the various distribution channels of banks and widen their market reach without having to create a network of agents from scratch. Partnerships with banks could also boost insurers' solvency levels. Selling a range of financial services to customers can be in the best interests of banks since diversification into insurance products would give them a stable source of income. Banks can also reduce their risk-based capital needs for the same level of revenue. Another added benefit is that bundled insurance can help minimize the impact of non-performing assets (NPAs). As such, bancassurance can prove to be one of the fastest ways to raise Bangladesh's insurance penetration rate.

Conclusion

Despite various challenges, Bangladesh's insurance sector has tremendous potential for growth, especially given the country's favorable macroeconomic picture. Regulatory reforms and the introduction of bancassurance, health, expatriate, agriculture, education, coastal, and public pension insurance products along with deep distribution channels can catalyze growth in the insurance sector.

Regulations that focus on reducing the risk of insolvency can help build trust in the market at a global level, which in turn will increase the flow of funds into the economy. With adequate capital requirements in place, insurance companies will serve as a safeguard for investments in infrastructure bonds, thereby boosting infrastructure development.

Strong regulations can also help strengthen the reinsurance market, which will ease the financial burden on the government arising from catastrophic events, thus directly contributing towards development opportunities for the country. Further, well-defined regulations can drive competition, enabling companies to provide the best solutions and offer more options to customers. Regulatory frameworks, ideally framed with reference to international standards and principles, will go a long way towards creating a resilient insurance sector.

A resilient insurance sector can, in turn, have far-reaching economic, commercial and social benefits for Bangladesh. Thriving against odds, it could also, in the long run, encourage entrepreneurship and innovation while facilitating risk transfer.

COVID-19 Impact on Insurance Sector

Insurance which plays a vital role in managing risks both in micro and macro level has seen lowest penetrations in Bangladesh compared to its regional peers. Surprisingly, Insurance penetration has been declining for the past several years even though the country's Per-capita GDP has been showing a stable growth over a decade now. Insurance penetration in Bangladesh stood at less than 0.50% in 2019, down from 1.13% in 2010. COVID-19 is impacting the insurance industry in multiple ways—from employee and business continuity issues to client service considerations and outlook.

Due to COVID-19, fire and marine insurance are expected to take the biggest hit. These two components consist of around 77% of non-life insurance companies total premium income (see Figure 4).

Fire Insurance

The biggest source of premium for non-life insurance company is fire insurance, which accounts for 43.1% of total premium income for non-life insurance companies. Factories for the RMG sector are the major driver of fire insurance premium. A total of RMG factories—348 registered with BGMEA and 71 with BKMEA. According to BGMEA, some 268 factories out of 348 were closed temporarily, and the rest 80 were closed permanently.

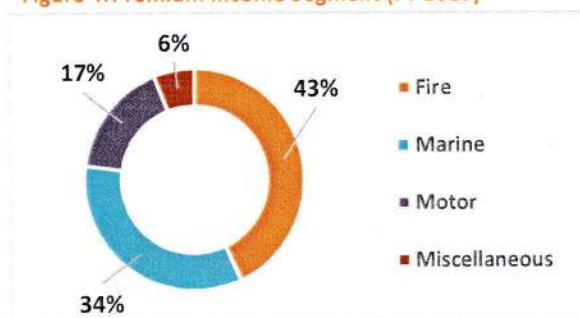
A recent study by Human Rights Watch shows that when orders were cancelled, 72.1% of buyers refused to pay for raw materials already purchased by the supplier, and 91.3% of buyers refused to pay for the "cut-make-trim" cost - or production cost - of the supplier. As a result, 58% of factories surveyed reported having to shut down most or all their operations. This shut down of factories may strangle the fire premium growth rate.

Marine Insurance

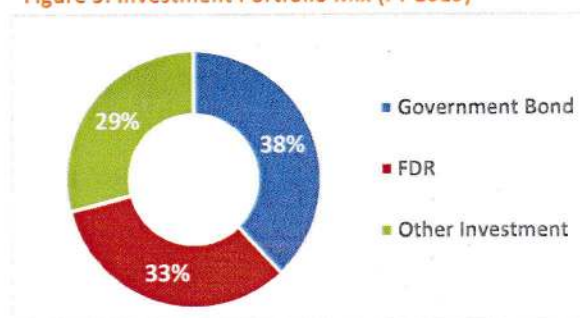
Marine insurance that depends on import cargo accounts for 34.3% of the non-life insurance's total premium a year. Insurance companies' premium income from marine insurance is expected to go down to a new low if this global pandemic countries and world trade continues to slow down.

Bangladesh import plummeted to deepen economic crisis amid COVID-19 pandemics. Businesses did not open LCs for products, including raw materials of Bangladesh's largest exporting sector readymade garments, capital machinery, and intermediate goods. Plummeting import means lower marine insurance premium for non-life insurance

*Figure 4: Premium Income Segment (FY 2019)



*Figure 5: Investment Portfolio Mix (FY 2019)



Motor and Miscellaneous

Most of the motor vehicles are covered under third party insurance coverage. Since premium charged under third party insurance coverage is insignificant and has a higher rate of renewal, premium from this category will have a less impact. But it is projected that, new motor sales to decline and first party insurance premium to decline too.

Aviation insurance is major contributor of miscellaneous segment. In this COVID-9 situation, the aviation sector may take a few years to turn around. As a result, it can be assumed that the insurance sector will face indirect losses.

Life Insurance Premium

The COVID-19 has hampered the county's economic activity at an unprecedented scale, raising the specter of job losses and salary cuts. The outbreak of the deadly disease could have a widespread impact on the job market of Bangladesh. Most of the organizations would go for cost cutting and remuneration on aggregate to fall. This may include reduced health insurance benefit for employees. This could have negative impact for life insurance companies.

* 2019's data is used here due to the non-availability of latest insurance year book.

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Investment Income

Most of the time insurance company's premium income is eaten away by claim and management expenses. History shows most of the insurance companies have a combine ratio (Direct Management expenses + Claims and Commission to net premium) above 80%. As a result, they rely on investment income for other expenses like provision, tax and indirect management expenses.

FDR consist 33.6% of total investment and other investment consist 28.6% of total investment (see Figure 5). Govt. has intended to keep lending interest rate as minimum as 9% therefore FDR interest rate will also decline which will ultimately reduce total investment income in the insurance sector.

Impact on Cost Centers

In 2019, non-life insurers in Bangladesh agreed not to give more than 15% commission to agents. Since these field agents are poorly paid, they now have less motivation to go out in the field and bring new business amid COVID-19 outbreak. So it's expected that agent commission expenses may go down. Some insurance companies may go for salary cut during this COVID-19 pandemic which could result in lower indirect management expenses. Overall, it is expected that benefits of cost savings will be counterbalanced to some extent by higher level of revenue de-growth. During pandemic condition, life insurance sectors claim expenses rises beyond average level.

Shock in the distribution channel

Field agents are the main driver for creating new business and continuous flow of premium income. These individuals are involved in distribution of life insurance policies to customers by the way of field sales involving visiting the person's home or office. Face-to-face sales are considered the forte of insurance agents since policy terms and conditions are tougher to be explained over the phone or even online. Due to halted economic activities it will be difficult for the field agents to bring new business.

Forced repatriation of migrant workers

Mandatory Insurance for migrants was supposed to be a catalyst which will boost the premium income for life-insurance companies. Bangladesh faced a double problem due to shrinking global labor market amid the COVID-19 pandemic, posing a threat to foreign remittances and at the same time overcrowding the local labor market.

Low margin of solvency

The insurance sector of Bangladesh is not ready to pay compensation for the medical expenses and death of the patient infected with corona virus due to lack of resources and funded assets. It is learned that there are no guidelines in the conventional insurance policies as the corona virus is new.

Source-[COVID-19 Impact on Bangladesh Economy by Lankabangla asset management, Potential for growth: Transforming Bangladesh's insurance sector by PWC, Chapter four-Bima published by ministry of finance]

Business Risk Analysis

Business Risk

PICL controls its business risks arising from different types of underwriting policies, underwriting professionals at branch level with the help of guideline of IDRA. The company has decentralized its underwriting functions and delegated powers to its zonal offices and branches for rendering prompt, efficient and effective services to the clients. Risks involved with policies are assessed by underwriting officers of the respective branch for underwriting policies up to a specific limit of sum insured, beyond which risk assessment of different policies are done by internal Risk Inspection Team. Skill level of employees engaged in underwriting process acts vitally behind innovation of new products and services that will help companies to attract newer clients and competitiveness in the market.

Insurance/Actuarial Risk

The risk under an insurance contract is that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. Principle risk the company faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims; actual benefits paid being greater than originally estimated subsequent development of long-term claims.

PICL reduces this risk with the help of underwriting team, Government Licensed surveyors who undertakes pre-insurance surveys of large and complicated risk. The company manages these risks through its underwriting strategy, adequate reinsurance arrangements & proactive claims handling. All member of the underwriting team of the company are well experienced and trained from both within and outside the country. Risk management ensures proper understanding of the right level of risk acceptance, risk control and risk related expenditure. PICL also takes reinsurance coverage from SBC companies that also help the company to pay off its claims.

Liquidity Risk

Liquidity risk is the risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. The major liquidity risk confronting the company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and maturity of investment securities. Liquidity risk also occurs more generally in relation to the ability to buy and sell investments. This is a function of size of PICL's holding relative to the availability of counter parties willing to buy or sell these holding at any given time. However the company manages its liquidity by ensuring sufficient liquidity to meet its claims and other liabilities when due under both normal & stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

However, PICL sets limit on the substantial portion of maturing funds available to meet such calls to cover claims at unexpected levels of demand. Moreover, company's STD & CD A/C with bank on the other hand observed to increase over the last consecutive years.

Internal Control Risk

Internal control risk arises from non-compliance of rules and regulation which ultimately possess negative impact on overall business performance.

PICL has a separate internal audit and MIS department which assist in maintaining financial discipline and management of the company. The company's audit work includes scrutiny of underwriting business, premium collection, unused printing materials, insurance stamp register, unadjusted BPC/commission, petty cash and bank, vouching etc. Any type of purchase has to be done through Purchase Committee which includes members of Finance & Accounts, Audit, Admin and IT department. The company ensures formation of Management Committee that deals with operational decisions. It is observed that the Board forms Audit Committee to look after all irregularities of the company.

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Regulatory Risk

The increasing intensity of regulatory requirements poses a significant threat to the industry. The new Insurance Development and Regulatory Authority Act-2010 and Insurance Act-2010 replaced the old insurance laws which are likely to bring significant changes in the regulation of the industry. In order to make overall claim settlement procedure smooth and timely, insurance companies are required to set up a special fund 'policyholders' Protection Fund'. For further enhancing the solvency position, paid up capital for non-life and life insurance companies have been raised to BDT 400.00 million and BDT 300.00 million respectively.

As per the circular issued by IDRA, agents will be paid commission at a maximum rate of 15%. Moreover, Credit Rating practice for the insurance companies is expected to create a positive vibration in the industry as the institutional insured expect for good credit rating to safeguard their interest. All these requirements will make the market more reliable and uniform. The same will pressurize the underperforming insurance companies to retain their market share.

To our best of knowledge, PICL has complied with all the regulations introduced by IDRA. Therefore, regulatory risk appears to be low. However, to comply with more sophisticated regulations, the company may need to put more effort and cost which may hamper the overall profitability.

Human Resource

Human resource risk arises in many forms. Not having the right person in place and with required skills needed to compete is two of those risks. Companies with an ageing workforce are even at more risk.

It is noted that, insurance industry of Bangladesh needs to transform. Lack of frequent training from developed nations' results into information gap and under development of the sector.

Like most of the private sector non-life insurance company, PICL holds a very insignificant portion of total market & is continuously striving to hold the position. Recruitment of energetic, qualified professionals is expected to gear up the business.

Interest Rate Risk

Interest risk arises out of investment decisions and acceptance of high exposures in any one type of investment instrument. Volatility of money market has also great influence over the interest rate structure of fund hold by PICL. Interest Income of PICL is a significant portion of total income. This income from fixed and other deposit may fall with the reduction of interest rate of commercial bank.

In order to mitigate interest rate exposure, companies can invest into mutual funds to secure its revenue and also to generate capital gains. However, this source has also its own drawback, if the overall capital market position fall, then the performance of mutual fund will also decline. Thus the company should more concentrate on tradition business in order to minimize any loss/reduction of income arises from the investment already made. Thus the company should more concentrate on traditional business in order to minimize any loss/reduction of income arising from the investment already made.

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Underwriting Process & Quality

Revenue from underwriting is the prime source of income of PICL. PICL has its dedicated underwriting department which is responsible for underwriting risk. Underwriting risk may arise from an inaccurate assessment of the risks associated with writing an insurance policy or from uncontrollable factors which may cost the insurer more than the earnings from premium. However, underwriting department of PICL is responsible for securing a safe and profitable distribution of risks & classifying clients into appropriate risk classes. It has been observed that gross premium of the company has increased by BDT 101.89 million and stood at BDT 393.71 million in FY 2020, which was BDT 291.82 million in FY 2019. At the same time, net premium has also increased to BDT 199.59 million in FY 2020 from BDT 151.25 million in FY 2019. However, PICL was able to generate higher underwriting profit to BDT 93.10 million in FY 2020 compared to previous year.

Underwriting performance is measured by combined ratio which is the ratio of expenses & losses to net premium. Loss ratio of PICL has decreased in FY 2020 and reported 7.77%. Analysis revealed that, the ratio has positively impacted by higher increase in net premium compared to net claim during the year.

Similarly, expense ratio of PICL has also decreased in FY 2020 and reported 64.52%, due to the same effect of increase in net premium but for actual management expense, it has increased at a lower rate than net premium. Consequently combined ratio of the company has decreased to 72.29% in FY 2020 compared to 87.72% in FY 2019, which is still lower than 100% threshold representing an underwriting profit in the relevant year.

Selected Indicators:**(Without considering commission on reinsurance ceded)**

	30.06.21	2020	2019	2018
Loss ratio (%)	3.95	7.77	14.81	35.76
Expense ratio (%)	55.44	64.52	72.91	80.76
Combined ratio (%)	59.39	72.29	87.72	116.53

Selected Indicators:**(After considering commission on reinsurance ceded)**

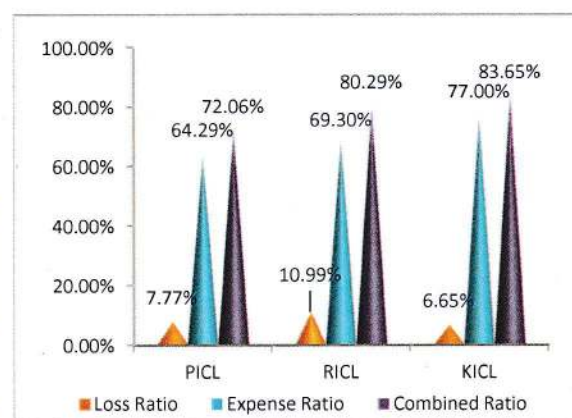
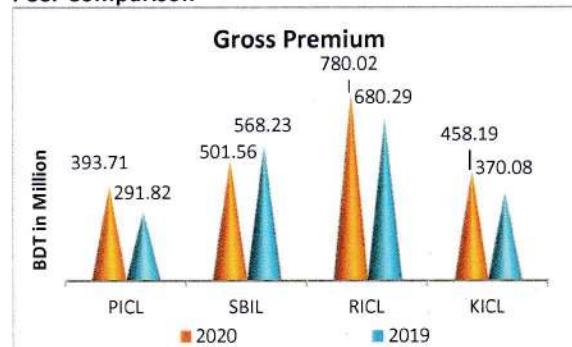
	30.06.21	2020	2019	2018
Loss ratio (%)	3.48	6.49	12.72	28.76
Expense ratio (%)	48.78	53.74	62.29	64.63
Combined ratio (%)	52.26	60.23	75.02	93.39

If we consider commission on reinsurance ceded along with net premium, scenario of underwriting performance of the company has been showing better performance and the combined ratio of the company stays well below 100% in all three years.

If we consider the half yearly management report of 2021, we can find a combined ratio of 59.39% which is lower than 100%.

Peer Comparison

Peer group analysis is a logical method to compare financial performance of a company with their competitors. AlphaRating has considered this while analyzing the gross premium of PICL with other private sector company. In FY 2020, the improvement of gross premium for PICL was 34.92%.

Peer Comparison

PICL= Paramount Insurance Company Limited
 SBIL=Sonar Bangla Insurance Limited
 RICL= Republic Insurance Company Limited
 KICL= Karnaphuli Insurance Company Limited

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Bank Facility

Management & Other Qualitative Factor

Company Information

Management Expense

Every non-life insurance company including PICL are required to calculate the allowable management expenses as per Insurance Act 2010 and maintain its actual management expenses within the limit. During FY 2020 the company was able to keep actual management expense below the allowable management expense, which has resulted in spare allowable management expense of BDT 28.21 million. PICL has incurred almost 82.02% of its allowable management expense in FY 2020 whereas it was 86.09% in FY 2019.

According to IDRA, agency commission must be within 15% of its premium of all classes of insurance. PICL incurred BDT 65.96 million as agency commission in FY 2020 against the gross premium of BDT 501.56 million. Agency commission of PICL stood at 13.15% of total Gross Premium which is was below the regulatory threshold of 15%.

Selected Indicators

BDT in millions	30.06.21	2020	2019	2018
Actual management expense	76.39	128.77	110.18	91.96
Allowable management expense	86.72	156.98	127.97	113.03
Excess management expense	(10.32)	(28.21)	(17.69)	(21.07)
Actual management expense as % of Allowable expense	88.00	82.02	86.09	81.35

As per half yearly management information of FY 2021, company was able to keep actual management expense below the allowable management expense, which has resulted in spare allowable management expense of BDT 10.32 million.

Claim Management

During FY 2020, the company paid off 38.44 million as Total claims which is 0.57 percentile point higher than previous year. It has been observed that, PICL has settled same number of claims compared to previous year. On the other hand, as per management information PICL has no claim repudiated during FY 2020. Performance of the company on the basis of settlement is presented below:

Selected Indicators

BDT in millions	30.06.21	2020	2019	2018
Total Claims	18.47	38.44	38.22	45.33
Total claims / net premium (%)	13.59	19.26	25.26	39.81
Claims paid during the year	18.48	16.97	15.28	29.52
Claims paid as % of total claims	98.64	44.16	39.99	65.11

However, as per management information of PICL, average claim settlement period is within 90 days over the last three years after getting all the documents, which can bring positive campaign for the company.

Selected Indicators

BDT in millions	30.09.21	2020	2019
Number of Claim Initiated	118	130	95
Number of Claims Settled	74	80	80
Number of Claims Repudiated	-	-	-

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Profitability & Operating Performance

PICL earns profit from two major sources including interest income & underwriting profit. Underwriting profit is one of the main sources of income for PICL comprising 36.77% of total income which was 45.72% in FY 2019. Total underwriting profit has been increased by BDT 66.10 million in FY 2020 from that of FY 2019. Though underwriting profit in terms of fire, motor & marine cargo insurance has been improved but misc. insurance has affected the underwriting profit negatively.

Other than underwriting, interest income is another significant source of revenue for PICL, representing 11.32% of total income in FY 2020. The interest income consists of interest on FDR, BGTB and STD & SND A/C. Investment in FDR, BGTB & STD account is perceived to be safe source and PICL increased its investment in FDR, STD account. At the same time, Interest income earned from this source has increased by BDT 4.67 million. Other portion of investment income for the company is gain from share transaction & dividend income, which are increased in FY 2020 compared with the last year.

Selected Indicators

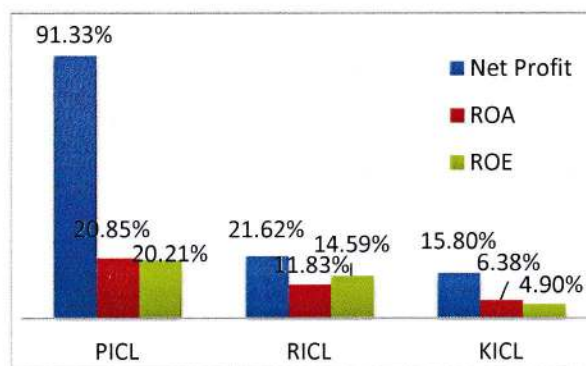
BDT in millions	30.06.21	2020	2019	2018
Profit Before Tax	129.19	246.25	52.44	19.69
Profit After Tax	105.02	182.29	38.75	17.34
Net profit Margin (%)	76.21	91.33	25.62	15.23
Return on assets (%)	9.24	20.85	5.90	2.75
Return on equity (%)	10.39	20.21	5.34	4.00

In FY 2020, profit after tax of the company has increased to BDT 182.29 million which has increased by 3.70 times compared to previous year. On the other hand, net premium of PICL has increased to BDT 199.59 million which has increased by 31.95% in FY 2020. The higher increase in profit after tax compared to lower increase in net premium has resulted to increase surprisingly in net profit margin by 65.71% in FY 2020. Another reason that, Company earns more profit from profit in investment in share & underwriting profit compared to previous year. Moreover, ROA has increased due to higher increase in operating profit compare to the increase in asset base of the company. On the Other hand, ROE has also increased in current year due to equity utilization of the company has been improved in FY 2020.

As per half yearly management information of FY 2021, net profit margin, ROA & ROE of PICL has been decreased significantly from that of FY 2020.

Peer Comparison

Overall profitability performance of PICL has improved in FY 2020. However, if the profitability of the company is compared with its peer group it has been observed that the company is in good position compared to its peer group.



PICL= Paramount Insurance Company Limited
 RICL= Republic Insurance Company Limited
 KICL= Karnaphuli Insurance Company Limited

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Bank Facility

Management & Other Qualitative Factor

Company Information

Capital Adequacy

According to statutory capital requirement, every non-life insurance companies are required to have BDT 400.00 million as paid up capital. Paid-up capital of the company has increased from the previous year but company couldn't fulfill the capital requirement and stood at BDT 338.87 million at the end of 2020 and there is still a shortfall of BDT 61.13 million paid up capital.

However, there is no strict time limit of this capital adequacy requirement for existing insurance company and the board of PICL is fully concerned with the requirement of capital maintenance. Considering the requirement of the insurance act 2010, PICL has fulfill the requirement & increase its paid up capital of Tk. 6,77,74,940.00 only divided in to 67,77,494 ordinary shares of Tk.10 each. Now the paid-up-capital of the company stood at BDT 406.65 million only divided in to 4,06,64,966 ordinary shares of Tk.10 each based on half yearly management information 30 June, 2021

The board of PICL has last issued 20% bonus share in FY 2020 (2%-2019, 5%-2018, 10%-2017, 8%-2016, 10%-2015, 10%-2014, 10%-2013, 5%-2012, 5%-2011, 10%-2010 & 10%-2009) along with 2% cash dividend in FY 2019 & 2% for the FY 2016.

Asset Quality & Investment

AlphaRating observed that PICL has diversified its investment in different sector including Govt. Treasury bond, investment in share & FDR etc. Though the company had maintained a conservative investment portfolio but most of PICL's investments comprise of FDR. Level of investment of the company has been increasing over the last three financial years. As per Insurance Act 2010, the company has maintained statutory requirement of investing BDT 25.00 million in Bangladesh Govt. Treasury Bond, which is being maintained duly. Investment in shares is another significant area of investment for the company and stood at BDT 170.00 million at market value. PICL should be more careful about the investment in marketable security which is highly volatile.

Selected Indicators

BDT in millions	30.06.21	2020	2019	2018
Total Investment	765.58	678.42	433.05	411.80
Investment income as % of total income	9.78	63.02	54.07	76.02
Yield on investment (%)	1.69	23.52	7.37	4.80

Items	Govt. Securities	BSEC approved Shares (Total)	Land & building in Municipality area	FDR (Total)
Required Rate (in terms of total assets)	7.50% (min)	25% (max)	20% (max)	80% (max)
PICL's Rate	1.92%	13.05%	26.38%	37.12%

It is to be noted that, Other than Govt. securities, the company has complied with investment rules for non-life insurance companies issued on 14.11.2019 which is depicted in the above table.

Investment income as % of total income has increased to 63.02% in FY 2020, which was 54.07% in FY 2019. The reason behind this increase is, investment income has increased by 05 times whereas total income has increased by 4.28 times. At the same time, yield on investment has increased to 23.52% in FY 2020 from 7.37% in FY 2019 due to higher increase in investment income compared to total investment which is a sharp increase of Investment income of BDT 127.62 million compared to FY 2019. As per half yearly management information of FY 2021, total investment of PICL has increased but Investment income as % of total income & Yield on investment has been significantly decreased.

Liquidity Analysis

The current ratio of the company has slightly increased by 0.02 times in FY 2020 due to slightly higher increase in current assets compared to increase in current liabilities in FY 2020, but still it is sufficient to meet the current obligation. Current asset to net claim ratio has increased in FY 2020 as net claim has decreased by 30.79% whereas current asset has increased by 18.77%.

Current liability to total liability of the company has decreased by 4.48% in FY 2020 as current liability has increased by 17.92% whereas total liability has increased by 22.83%. The main reason of higher total liability is that increase in shareholder's equity, reserve for unexpired risks, premium deposit, sundry creditors, Income Tax provision & deferred tax liability etc. but as the company does not have any non-current liability. Cash & bank balance to total assets has increased in FY 2020. Further analysis reveals that cash & bank balance has increased by 34.11% due to FDR amount is increasing over the period & stood at BDT 408.05 million and total assets has increased by 22.84% due to increase in Amount due from other persons or bodies carrying on insurance business, Interest Accrued But Not Due, Cash and Cash Equivalents, Non-current assets items, investment etc. in FY 2020 compared to prior year.

However, operating cash flow to net claim paid out % of the company has increased as Net claim Paid out has decreased whereas Operating Cash flow has increased in FY 2020 from that of prior year.

Selected Indicators

	30.06.21	2020	2019	2018
Current ratio (times)	2.14	2.46	2.44	2.56
Current asset/net claim (times)	147.13	47.94	27.94	14.13
Current liabilities/total liabilities (%)	100.00	94.62	99.10	99.78
Cash & bank balance/total assets (%)	33.34	37.15	34.03	49.91
Operating cash flow/net claim paid out (%)	1,161.16	599.72	75.60	131.40
Operating Cash Flow	63.26	92.99	16.94	53.51

As per half yearly management information of FY 2021, PICL's Current ratio, Operating cash flow and Cash & bank balance % of total assets have been decreased than that of FY 2020.

Alpha Credit Rating Limited

Company Profile

Industry Overview

Business Risk

Financial Analysis

Management & Other Qualitative Factor

Company Information

Reserve Adequacy

PICL has maintained the reserve for un-expired risk as per Insurance Act, 2010; 100% of the net premium income for marine hull insurance and 40% for all other business classes. The company also maintained reserve for exceptional losses. In FY 2020 the reserve has been increased to BDT 79.86 million which has been increased by 5.44% from that of previous year. However, the reserve represents 40.01% of net premium

Reserve for exceptional losses represent 9.02 times of net claim in 2020 which was 5.35 times in 2019, suggesting the company's unexpected events absorbing capability increased from last year.

It has been observed that, as per half yearly management report of FY 2021, PICL has also maintained its reserve for un-expired risk.

Solvency Analysis

The solvency margin ratio is an important financial indicator & a key benchmark for industry regulators. It means the amount by which the assets of the insurance company are considered to exceed its liabilities and other comparable commitments. As per The Insurance Development & Regulatory Authority's (IDRA) regulations 2010, every non-life insurer needed to prepare statement of solvency margin. Moreover, required solvency represents the regulatory minimum amount of solvency to be held by the non-life insurance company. But, still Insurance Development and Regulatory Authority (IDRA) has not prescribed any formula or guidelines to calculate the minimum solvency margin. It is observed that solvency ratio of the company has slightly increased to 2.32 times in FY 2020 from 2.24 times in FY 2019 but it is insufficient for mitigating the liability & well below than industry practice.

It has been observed that Total actual investment has been increased from prior year due to increase in investment in FDR & Share in FY 2020. On the other hand, Optimal investment has increased due to increase in total liabilities. According to the audited Financial Statements, Solvency Margin position statement shows that Optimal Investment is the higher one between total liabilities and 10% of Net Premium as per section 27A of Insurance Act-1938. 10% net premium amount is BDT 19.96 million in FY 2020.

The table below represents the solvency in all concerned years.

BDT in millions	2020	2019
Total Actual Investment	927.55	749.58
Optimal Investment	399.87	334.84
Solvency Ratio (Times)	2.32	2.24

Reinsurance Utilization

Under the discretion of Insurance Act, the retention & treaty limit of non-life insurance companies is being revised from time to time depending on the financial strength, underwriting expertise etc. In accordance with the present rule of our country, 50% of the re-insurable general business shall be reinsured with Sadharan Bima Corporation (SBC) while rest is reinsured with other reinsurer whether in or outside Bangladesh. It has been found that PICL is in line with the existing regulation, takes 50% reinsurance coverage from Sadharan Bima Corporation (SBC) while rest is reinsured with other reinsurer whether in or outside Bangladesh. Other overseas reinsurers are Klaption Insurance Company Limited, Sentinel Underwriting Specialty Markets, Waica Reinsurance Corporation, ION Insurance Gropur,S.A.

Reinsurance protections availed from SBC is presented below:

Selected Indicators

	Fire	Marine Cargo	Misc.	Motor
Treaty Limit	600.00	100.00	21.00	1.00
Retention	20.00	2.50	2.50	0.50

It has been observed that, PICL has 100% surplus treaty for fire, marine cargo and miscellaneous insurance, whereas motor insurance has excess of loss treaty.

Individual class wise risk retention ratio of last 3 years & half yearly management information of FY 2021 are presented below:

Business Class \ Year	30.06.21	2020	2019	2018
Fire	49	38	49	31
Marine Cargo	25	69	55	61
Motor	3	95	97	98
Misc.	83	16	14	20
Total (Average)	40.00	54.50	53.75	52.50

During FY 2020, total sum insured was BDT 96.20 billion whereas it was BDT 75.00 billion in FY 2019. Generally high retention level signifies inadequate reinsurance protection while low retention level may hamper profitability. It has been observed that, PICL's risk retention rate remained above 50% throughout the last 3 years but half yearly management report of FY 2021 is under 50%.

Management & Other Qualitative Factors

Composition of the Board

The composition of the Board complies with the requirements as per rules of IDRA & notification of BSEC. PICL's board comprises of 10 directors and 02 of whom are independent directors. All of them are professionally skilled and experienced in the management, law and business. Their experience, professional expertise & personal attitude enable them to execute their responsibility individually & collectively to perform efficiently & effectively. The board is chaired by Mr. Nawaz Ahmad. The company also complied with the Bangladesh Securities and Exchange Ordinance 1969's requirement of at least 1/5th of the total number of directors should be Independent Director. During FY 2020 the Board of Directors met 10 times.

Management

The management operates within the guidelines, limits, policies as well as the budgetary control adopted by the Board. The team is headed by the chief executive officer Mr. Md. Sajjad Yahya who is responsible for the implement of the policy and procedures adopted by the board. The CEO implements the internal control system, follow-up the day to day affairs of the management and also confirms the company's safety and security of the company. The senior management ensures the CEO about the company's improvement with the compliance of statutory and the regulatory requirements too. The CEO must represent the company's financial & business position in each Board Meeting for the Directors understanding and guidance.

Board Committees

For smooth functioning of the company, PICL formed various committees comprised of Senior Executives. Each committee is responsible and accountable for the effective operation of their assigned business area. The board establishes terms of reference and rules with respect to delegate authority and reporting. After fulfillment of the tenure of the committees, the members of committees will be changed within the Board Members. Every subcommittee has separate scope of work and the Board approves the terms of references. The Sub committees are independent and responsible to provide their expertise opinion to the board. The Board has the following standing committees which regularly report to the Board and submit proposals for resolutions:

- Executive Committee
- Nomination and Remuneration Committee
- Claims Settlement Committee
- Audit Committee

Executive Committee

Executive Committee is compressed of 3 members. Sponsor Director Mr. Ashit Kumar Das is the chairman of the Committee. Other members of the committee are Mrs. Anita Das and Mr. AKM Habibur Rahman. Mr. Md. Sajjad Yahya, MD & CEO is the ex-officeo member of the committee. During the year 2020, 03 meeting of the Executive Committee was convened.

Claims Committee

Claim is the most important factor for an insurance company. Efficient & smart settlement of claim speaks about the company goodwill in the insurance market. Claim committee consists of 03 members. The committee is chaired by Mrs. Anita Haque. The committee is responsible to review, assess and recommend claims for prompt settlement, review of surveyor's report, their method of assessment, recommendations of each claims etc. During FY 2020 the committee members met 04 times.

Audit Committee

The audit committee comprises of 03 members. The committee is chaired by Mr. Yahya A. Z Khondoker. The committee is acting in accordance with the guidelines provided in the notification dated 7th August, 2012 of BSEC. None of the independent director is serving more than 3 (three) listed companies and tenure of the independent director complies with the policy laid down by the Bangladesh Securities and Exchange Commission. The committee members met 04 times during FY 2020.

The committee operates according to the term and condition of the Board and BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and subsequently amended notification no SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013. The main responsibilities of the audit committee are to ensure the internal control procedures and recommend to the Board for final improvement. The committee also review the approved annual audit planning, review financial statements, review internal audit etc.

Nomination & Remuneration Committee (NRC)

Nomination & Remuneration committee (NRC) consists of 05 members. The committee is chaired by Mr. Hari Pada Deb. NRC is an important committee being an independent and responsible or accountable to the board and to the shareholders which oversee the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the board relating to remuneration of the directors, top level executives etc. The committee devising a policy on board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality. Besides, the committee formulates the criteria for evaluation of performance, identify the company's needs for employees at different levels and determine their selection, transfer and promotion. During FY 2020 the committee members met 01 time.

Human Resource

Human capital is considered as the prime asset of the company. It is the combination of competencies, knowledge and personality attributes that can be enhanced through education, training and experience. During its epic journey of 21 years, PICL is able to place itself in current position with the help of loyal employees. The company has the privilege of having a large number of professionals and qualified employees. Currently there are 191 employees working with the company. The company arranges in house and outside training programs for its employees. Staffs receive in-house training, soon after joining the company while time to time management arranges training from Insurance Academy and Insurance Association in order to enhance skill level of its workforce.

IT Infrastructure & Its Utilization

PICL is constantly taking initiatives to modernize its IT infrastructure. The company ensures it underwriting activity through use of internal software. However, the company has international certified trained personnel in IT sector to assure smooth operating of the company. The company also provided training to enrich the knowledge & quality of its IT department. The company has realized the necessity of ICT security policy and already developing the system. This system will bring efficiency in term of time & cost for the company. Following is the list department which are beneficiary of ICT security policy: Underwriting Department, Accounts, Re-insurance, Share and HR. Currently the company using Personal management Software which help the company to keep all record of the employees. The company plans to become a leader in the effective use of innovative IT in Non-Life Insurance Sector. PICL has made significant improvement in IT infrastructure and software through which PICL has introduced Local Area Network (LAN) at head office. The company plans & implement information Resources & Technology collaboratively, establish a data center, establish a disaster recovery center etc.

Internal Control

The company has an internal control department headed by a Senior Assistant General Manager, who worked under the supervision of chief executive officer. The In-Charge of internal audit regularly visit various branches and examines whether branch operation are being carried out as per rules & regulation of the company. Then submit the report with findings to the chief executive after inspection of each branch. BC & MIS department also examines all insurance documents. On examination of reports submitted by Internal Audit, BC & MIS department management takes proper initiative to solve those issues.

Corporate Governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Corporate governance facilitates the rules regulation to work in the best interest of stakeholders. PICL believes in a culture where Board of directors & the management are dedicated toward effective corporate governance. It has been the company's endeavor to excel through better governance. PICL believes in two basic principles of corporate governance i.e.: transparency and disclosure. The company also complies with the all other conditions imposed by BSEC's Notification on Corporate Governance.

Corporate Social Responsibility

Corporate social responsibility is a corporation's initiative to assess & take responsibility for the company's effects on environmental & social wellbeing. PICL endeavors to play its role as a good corporate citizen by supporting worthy causes which aim to improve the lives of the people. PICL has participated in different welfare & mass awareness events. The company is very keen to safeguard the interest of the employees & made their insurance for accident & group hospitalization policy.

*Company Profile**Industry Overview**Business Risk**Financial Analysis**Management & Other Qualitative Factor***Company Information****Company Information****Board of Directors**

Mr. Nawaz Ahmad	Chairman
Ms. Anita Haque	Vice Chairman
Mr. Ashit Kumar Das	Director
Ms. Anita Das	Director
Mr. Ashok Kumar Das	Director
Mr. Mohammad Jahidul Abedin	Director
Mr. A.H.M. Abdur Rahman	Director
Mr. A.H.M. Habibur Rahman	Director
Mr. Yahya A. Z Khondker	Independent Director
Mr. Hari Pada Deb	Independent Director

Auditor

ARTISAN

Chartered Accountants

Sonargaon Terrace (2nd Floor), House # 52, Road # 13/C, Block #E, Banani, Dhaka-1213.

Head Office

House # 22 (Level- 4) Road # 113/A, Gulshan-2, Dhaka-1212, Bangladesh.

Tel(PABX) 880-2-55049824-30 Fax- 880-2-55049823

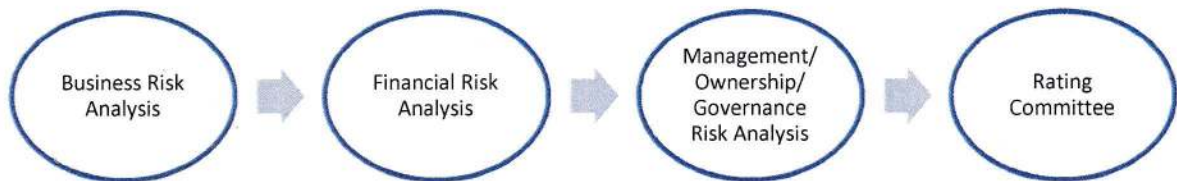
E-mail- picl@paramountgroupbd.com

Web-site:www.paramountinsurancebd.com

Registered Office

Navana Tower (Level# 7-C), 45 Gulshan C/A, Gulshan-1, Dhaka-1212.

Email: piclgul@yahoo.com



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

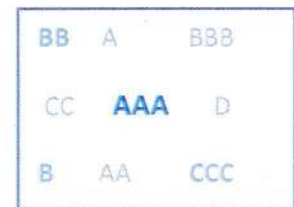
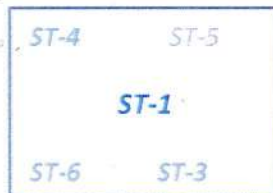
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook



POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	Rating may be raised, lowered or remain unchanged.

ST-1	Strong Capacity
ST-2	Good Capacity
ST-3	Adequate Capacity
ST-4	Weak Capacity
ST-5	Very Weak Capacity
ST-6	High Risk of Default

AAA	Exceptionally Strong Capacity
AA	Very Strong Capacity
A	Strong Capacity
BBB	Low Expectation of Ceased or Interrupted Payments
BB	Elevated Vulnerability to Ceased or Interrupted Payments & Key Financial Indicators
B	Significant Risk of Ceased or Interrupted Payments Could Occur in the Future.
CCC	Real Possibility That Ceased or Interrupted Payments Could Occur in the Future.
CC	Probable that Ceased or Interrupted Payments Could Occur in the Future.
C	Ceased or interrupted payments are imminent

Note: "+" or "-" may be appended to a rating to indicate the relative position of a credit within the rating category. Such suffixes are not added to ratings in the 'AAA' category or to ratings below the 'B' category.

----- Disclaimer -----

The Credit Rating Report is the property of Alpha Credit Rating Limited (AlphaRating). The Rating Report and all information contained herein shall not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without AlphaRating's prior written consent. The Credit Rating Report and all information contained herein is provided on the basis of information believed by AlphaRating to be accurate and reliable as derived from publicly available sources or provided by the rated entity or its agents. A credit rating is not a recommendation to buy, sell, or hold any security and no investment decision should be made solely on the basis of a credit rating. AlphaRating may make modifications and/or changes in the Credit Rating Report and all information contained herein at any time, for any reason. Under no circumstances will AlphaRating or its affiliates be liable for any special, indirect, incidental or consequential damages of any kind, including, but not limited to, compensation, reimbursement or damages on account of the loss of present or prospective profits, expenditures, investments or commitments, whether made in the establishment, development or maintenance of business reputation or goodwill, cost of substitute materials, products, services or information, cost of capital, and the claims of any third party, or for any other reason whatsoever, even if AlphaRating has been advised of the possibility of such damages. Any person making use of and/or relying on the Credit Rating Report and all information contained herein hereby acknowledges that he has read this Disclaimer and has understood it and agrees to be bound by it.

© Alpha Credit Rating Ltd 2021