

14 November, 2023

Chief Executive Officer
Paramount Insurance Company Limited
House # 22 (Level 3 & 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), vide credit rating Agreement No: 686, has assigned the following rating to **Paramount Insurance Company Limited**.

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
14 November, 2023	13 November, 2024	6 th Surveillance	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,



Tanzina Khaled
Chief Rating 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	Rating Action	Long Term Rating	Short Term Rating	Outlook
14 November, 2023	13 November, 2024	6 th Surveillance	AA	ST-2	Stable

Date of Incorporation : 10th November, 1999

Date of Registration from the Chief

Controller 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 1,641.59 Million (As on 31/12/2022)

Authorized Share Capital : BDT 600.00 Million

Paid Up Share Capital : BDT 406.65 Million

Contact Analysts : Shanta Saha shanta@alpharating.com.bd

Jahannoor Khan jahannur@alpharating.com.bd


Tanzina Khaled
Chief Rating Officer
Alpha Credit Rating Limited

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Alpha Credit Rating Limited

Paramount Insurance Company Limited

Long Term Rating **AA**Short Term Rating **ST-2**Outlook **Stable**Date of Declaration **14 November, 2023**Valid Till **13 November, 2024**Rating Action **6th Surveillance**Business Risk
HighLiquidity
GoodProfitability
goodSolvency Score
GoodCapital Adequacy
AdequateSector
Non-life**Previous Rating**Long Term Rating: **AA**Short Term Rating: **ST-2**Outlook: **Stable**Date of Declaration: **14****November, 2022**Valid Till: **13 November, 2023**

Contact Analysts

Shanta Saha

shanta@alpharating.com.bd

Janhannoor Khan

jahannur@alpharating.com.bd**Contents**

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Date of Incorporation:

10 November, 1999

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Board Chairman:

Mr. Nawaz Ahmad

Chief Executive Officer:

Mr. Md. Sajjad Yahya

Total Asset:

BDT 1,641.59 million (As on
31/12/2022)

Authorized Capital:

BDT 600.00 million

Paid up Capital:

BDT 406.65 millions**Rationale**

AlphaRating, vide credit rating Agreement No. 686, affirms 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 'the company') with a stable outlook. The rating is based on the audited financial statement of FY 2019 to 2022, for the year ended 31 December 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 premium, less than 100% combined ratio, increased total asset base, adequate paid up capital amidst strong capital structure, wide branch network, adequate reserve for un-expired risk, and stronger balance sheet with no debt along with standard investment policy etc.

However, the strength of the rating is partly offset by overall socio economic condition of Bangladesh along with volatility of the share market, decreased net premium, decreased total underwriting profit, deteriorated cash flow from operation, decreased net profit margin along with ROA & ROE, deceased investment along with yield on investment, non-compliance of investment policy, underwriting loss in motor & marine (hull) revenue account etc. The rating also considers inherent business risks, unhealthy competition between the competitors and level of sophistication of the domestic insurance market.

	2022	2021	2020	2019
Net Profit Margin (%)	14.95	24.38	46.30	13.28
ROA (%)	4.63	7.83	14.00	3.66
ROE (%)	7.24	11.99	20.21	5.34
Combined Ratio (%)	86.45	54.83	72.29	87.72
Current Ratio (x)	1.91	2.02	2.46	2.44
Solvency ratio (x)	2.07	2.23	2.37	2.24
Gross Premium (BDT in million)	508.43	504.87	393.71	291.82
Net premium (BDT in million)	280.04	297.05	199.59	151.25
Underwriting Income (BDT in million)	83.48	134.31	93.10	26.99
Excess of Mgt. Exp. (BDT in million)	(31.44)	(25.31)	(28.21)	(17.69)
Operating Cash Flow (BDT in million)	128.45	170.60	92.99	16.94
Net Claim (BDT in million)	117.83	23.13	15.50	22.40
Investment (BDT in million)	520.51	526.25	599.54	427.27
FDR (BDT in million)	437.55	428.55	408.05	352.55
Yield on investment (%)	4.98	9.52	26.61	7.48

The rating also further offset by dearth of qualified professionals in insurance industry of Bangladesh as a whole, uncertain economic environment as well as the level of maturity of the domestic insurance market.

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


Tanzina Khaled
Chief Rating Officer
Alpha Credit Rating Limited

Company Profile

Bank Facility

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Company Profile

Paramount Insurance is one of the leading Non-Life insurance company of the country. Since its establishment in November, 1999, the company has successfully been in operation with present paid up capital of Taka 40.66 crore and authorized capital of Taka 60.00 crore. At present NAV per share of the company is stood at Tk. 25.81. The company was listed with the Exchanges in the year 2007. Over the few years of operation this company has succeeded in building confidence in clientele groups. It has extended its network in different places of the country. The company always receives guidance and advice from its Chairman, Mr. Nawaz Ahmad, who is one of the prominent entrepreneurs and a dynamic insurance personality in the country. The objective of the company is to increase market share and establish new Branches, to Explore opportunities by innovative & diversified product and to provide a clear vision of the future to all of our employees to maximize their potentials to achieve organizational goal.

The company is active member of capital market having BDT 2,354.502 million market capitalization on 09 October, 2023. According to DSE, market share of the company is categorized as "A". The board of the company has provided dividend in diffident year which is presented below:

Cash Dividend	10% 2022, 10% 2021, 2% 2019, 2% 2016
Bonus Issue (Stock Dividend)	20% 2020, 2% 2019, 5% 2018, 10% 2017, 8% 2016, 10% 2015, 10% 2014, 10% 2013, 5% 2012, 5% 2011, 10% 2010, 10% 2009, 10% 2008, 10% 2007, 5% 2006

SOWT Analysis**Strengths**

- Fully automate operation of all branches ensure the transparency and higher level of efficiency to ensure the customer satisfaction
- Comparatively better reputation in settling claim
- Maintain comparatively better corporate governance
- Diversification into many segments of business-product wise as well as client wise

Weakness

- Insufficient Branch network compared to their competitor which may reduce revenue income.
- Minimum market share of 0.84% (Based on Insurance year book-2020)
- The company doesn't maintain workers participation profit funds according to Bangladesh Labor Act 2006
- High employee turnover rate compare to their competitor

Opportunities

- Foreign Direct Investment (FDI) in Bangladesh is increasing which will increase scope of business in near future.
- Stringent regulatory requirement for all business those who are availing finance from external sources
- Growing internal economy with strong market dynamics
- Increasing acceptance of online services.

Threats

- Increasing Natural Catastrophes
- High number of insurance companies operating in market may give rise to unhealthy price competition in terms higher commission
- Increase fraudulent claims
- The technological advancements used by competitors
- Fluctuating interest rate makes unstable financial and economic environment.

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Branch Network

The Company carries out its activities through its Head Office located at House # 22 (Level 3 & 4) Road # 113/A, Gulshan-2, Dhaka-1212. The company is running its operation successfully with 15 branches covering major financial centers of Dhaka, Chattogram, Khulna, Jashore, & Rangpur Division with the assistance of more than 179 employees.

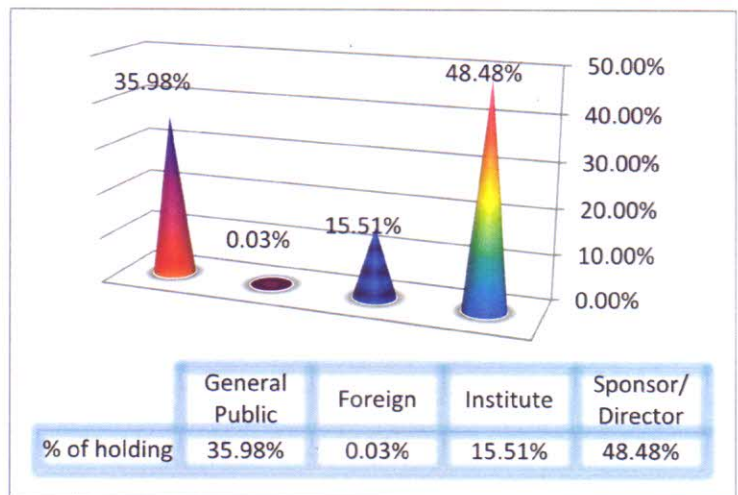
Group Profile:

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 approximate Taka 3000 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 31/08/2023 is presented below:



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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

- 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-counter
- Cash in safe
- Cash in transit
- Fidelity guarantee
- Money in financial organization
- Overseas mediclaim
- Product Liability
- Property damage all risks
- Personal accident
- People personal accident
- Workmen's compensation
- Safe deposit all risks
- Bangabandhu Surokha Bima

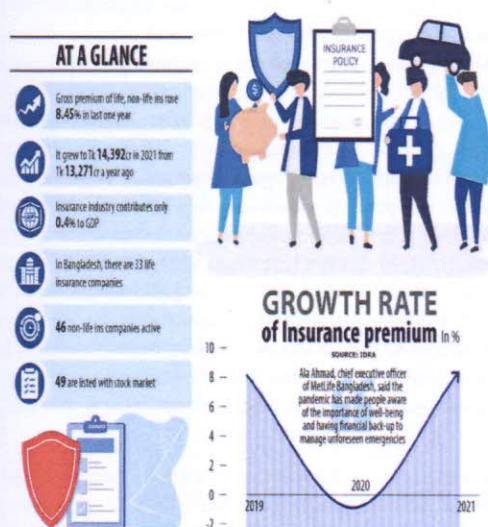
Industry Overview

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 35 life insurance companies. **Insurance that offers financial protection against the risks associated with one's life, health or assets had been here long before independence. Then, with the nationalization of all firms, the industry started its journey in independent Bangladesh with two state-owned corporations — life insurer Jiban Bima Corporation and non-life insurer Sadharan Bima Corporation.**

Source <https://www.tbsnews.net/supplement/huge-headroom-bangladesh-insurance-industry-592458>



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 0.40% in 2021, while the average for emerging countries was 2.15% as per Atlas magazine. In case of non-life insurance, it was 0.10% in Bangladesh, whereas 1.08% for emerging nations. In 2021, overall insurance penetration was 0.50%, which was 0.40% in 2020. Bangladesh's insurance sector is currently unable to keep pace with emerging markets around the globe.

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.

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 contribute positively towards increasing the livelihood of the general public of the nation.

Challenges and Opportunities

Key challenges

Various challenges underlie the limited growth of Bangladesh’s insurance sector. For one, the relationship between customers and insurance companies is marked by lack of trust. According to a study by PwC, a majority of Bangladeshi people do not trust insurance agents, and there is limited awareness regarding life insurance products. Claim settlement-related problems also undermine the customer-insurer relationship, and the process of settling claims can be arduous and long. Secondly, Bangladesh lacks potential employees with adequate skills and knowledge to provide insurance services of the highest standard. In particular, employees holding advanced degrees in relevant fields are needed. From a macroeconomic perspective, Bangladesh suffers due to uneven income distribution where a majority of the people are poor and do not have the disposable income to afford insurance. This hinders the growth of the country’s overall insurance penetration rate.

Moreover, the country’s technological capacities need major advancement. Globally, the insurance sector has been undergoing digitization and platforms are being created to optimize customer service and streamline processes. In contrast, in Bangladesh, there is limited utilization of modern technology and processes. Insurance companies do not have access to accurate and up-to-date demographic statistics for actuarial computations. Lastly, the regulatory environment in Bangladesh leaves much to be desired.

Figure 1: Insurance Industry Trend of Bangladesh

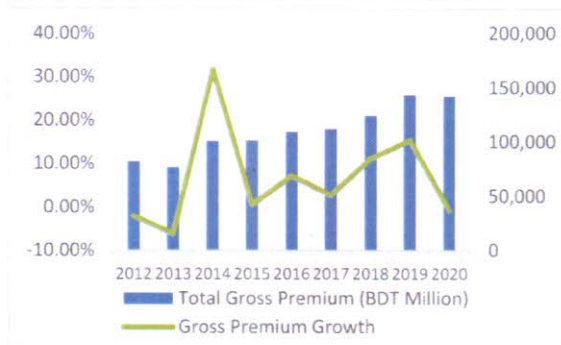
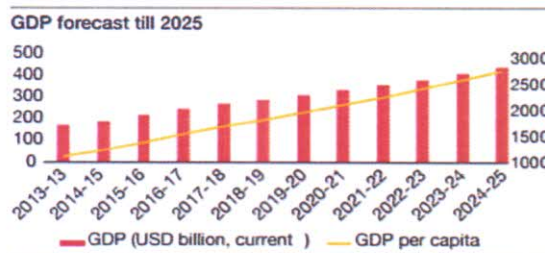
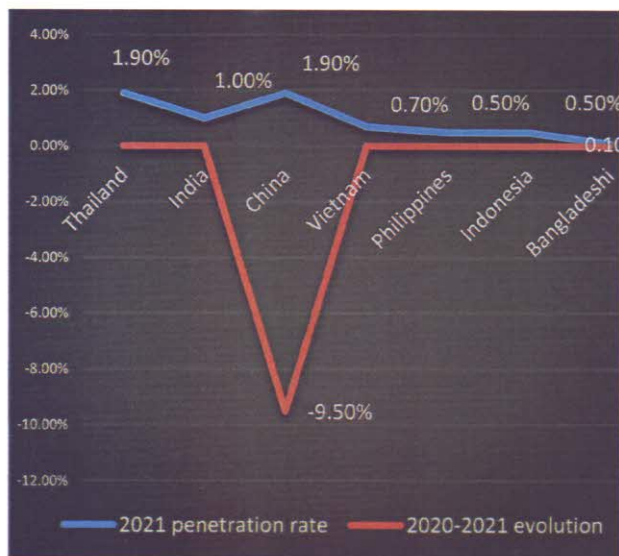


Figure 2: Bangladesh’s economy has seen steady growth



Source: PwC analysis



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Favorable indicators for insurance sector development

Bangladesh sustained an impressive annual GDP growth rate of 6.10% in 2021. 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).

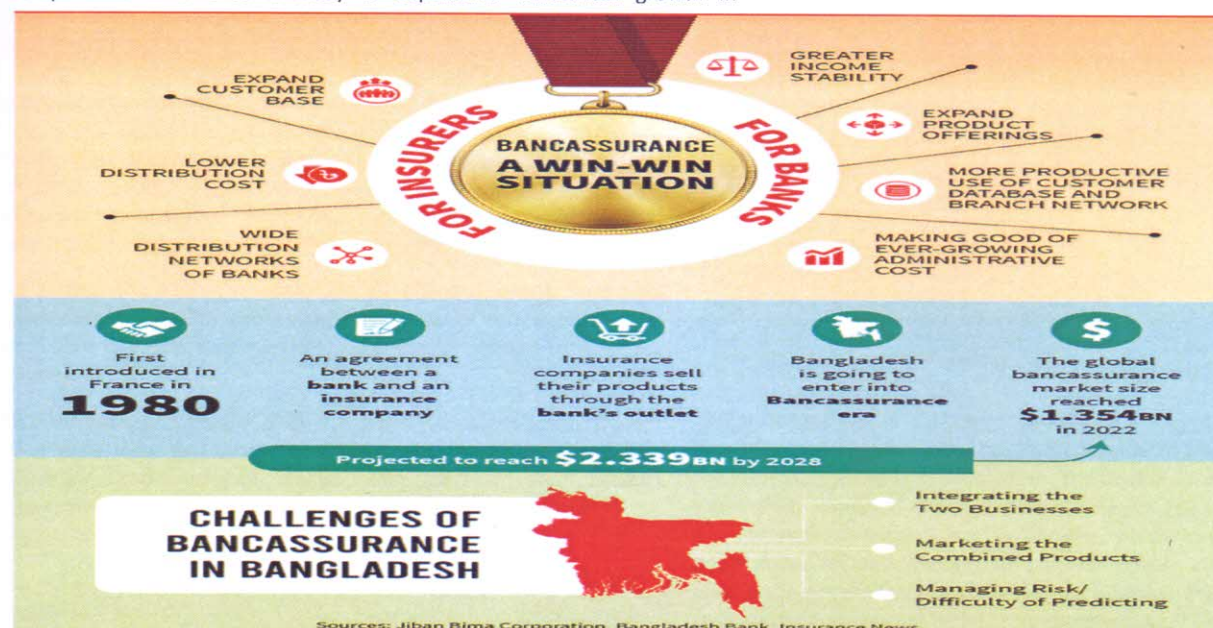
In the next decade, Bangladesh will continue to witness the rise of the middle and wealthy class in major cities. This could easily translate into a higher demand for insurance products as individuals and companies become increasingly risk aware.

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

Bancassurance opportunity

Bancassurance is an arrangement between a bank and an insurance company allowing the insurance company to sell its products to the bank's client base. This partnership arrangement can be profitable for both companies. Banks earn additional revenue by selling insurance products and insurance companies expand their customer bases without increasing their sales force.

Bancassurance provides a new way of gaining revenue for banks and insurance companies by working together with similar aims. There is a huge untapped market as currently less than 1% of the total population have insurance. Bancassurance would help many more people to have access to insurance by taking advantage of the nationwide reach of banks' branch networks to avail insurance products. In other words, all the potential clients of banks are the target group of Bancassurance and insurance products can be offered to the customer who has a bank account or eligible to have a bank account.



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The concept of bancassurance is relatively new in Bangladesh and has been introduced by private commercial banks. In May 2022 the Central Bank finalized guidelines for local banks to provide this service. It will provide new business opportunities to the stagnant local insurance industry and boost revenue of the banks from the partnership. It is expected that the insurance penetration that remained below 0.05 per cent of the GDP will dramatically improve after launching the bancassurance.

As per guideline, the banks will apply for a corporate agent license to IDRA upon receiving approval from the BB and then notify the central bank accordingly with a copy of the license as soon as it is received from IDRA. In approving bancassurance, the bank shall meet the following criteria: a) capital to risk-weighted asset ratio (CRAR) with capital conservation buffer (CCB) not to be less than 12.5 per cent; b) shall meet the credit rating not less than Bangladesh Bank (BB) rating grade 2 defined at the Guidelines on Risk-Based Capital Adequacy [Revised Regulatory Capital Framework for banks in line with Basel III]; c) shall meet the minimum CAMELS rating of 2 of Bangladesh Bank; d) the level of net non-performing loans (NPL) shall not be more than 5 per cent; e) shall have a positive net profit for the last three consecutive years; and f) shall have a viable bancassurance business plan and review mechanism. A bank will not be allowed to sign agreements with more than three life insurance and three non-life insurance companies at the same time, according to the guidelines. The banks will require establishing a separate and dedicated department or wing to procure the business through the model, under which bank customers will be the clients of the insurance products.

Advantages of Bancassurance

To Banking Institutions: diversification of product and customer portfolio, improved profitability and non-interest fee income, customer loyalty and retention, cost-effective use of existing resources, increased customer lifetime value etc.

To Customers: One stop-shop for all financial needs, improved application and policy processing time, ease of renewals, trust in insurance products and services, customized product and expert advice etc.

To Insurance Companies: High market penetration rate, relevant offer generation and customer engagement, increased operational efficiency and reduced costs, high service and product responsiveness, increased premium turnover.

Disadvantages of Bancassurance

- Association and dependence may cause conflict of interest between the partners leading to new operational and performance risk.
- The conflict of interest between bank products and insurance products and their policies could confuse the customers regarding where to make the investment.
- For such synergy to work, it requires intensive planning and monitoring which could a lot to the participating company.
- This requires huge initial investment and trained employees.

Russia Ukraine war Impact on Insurance Sector



The prolonged war in Ukraine, coupled with global economic instability and high inflation, has had a significant impact on the insurance business in Bangladesh. The insurers' profit was significantly impacted in the second quarter of 2022 due to the outbreak of Russia's war in Ukraine, which forced the government to curb imports to save US dollars and keep inflation in check. The marine insurance business also fell in the January-June period of 2022 as the opening of letters of credit (LCs) began plummeting since March.

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

As Covid restrictions eased, the insurance business bounced back and the stock market became upbeat. But then the prolonged Ukraine war, global economic instability, and high inflation happened and the insurance business, along with other businesses, slowed down.

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.

Source-[Atlas Magazine, Potential for growth: Transforming Bangladesh's insurance sector by PWC, Chapter four-Bima published by ministry of finance, insurance year book-2020, The daily star-profit declines for insurers (23 August, 2023), The Business standard- Economic crisis, war take a toll on non-life insurers (17 April, 2023), etc.]

Business Risk Analysis

Business Risk

The company 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.

The company 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. The company 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 company'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, the company sets limit on the substantial portion of maturing funds available to meet such calls to cover claims at unexpected levels of demand.

Internal Control Risk

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

The company 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.

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, the company 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, the company 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 the company. Interest Income of the company 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.

Financial Risk Analysis

Underwriting Process & Quality

Revenue from underwriting is the prime source of income of the Company. The Company 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 The Company is responsible for securing a safe and profitable distribution of risks & classifying clients into appropriate risk classes.

During FY 2022, gross premium of the company has increased to BDT 508.43 million from BDT 504.87 million and net premium has decreased to BDT 280.04 million from BDT 297.05 million. This shows that the company has higher premium collection than previous year. On the other hand, total underwriting profit has decreased to BDT 83.48 million in FY 2022 from BDT 134.31 million in FY 2021 due to loss in marine (hull) & motor revenue account and decreased profit in fire revenue account.

Underwriting performance is measured by combined ratio which is consisted of loss & expense ratio. In FY 2022, net premium has decreased by 5.73% whereas net claim has increased by 409.34% and this has resulted the loss ratio to increase. On the other side, Expense ratio of the company has decreased to some extent in FY 2022 and stood at 44.37%. The main reason behind this improvement is an 11.08% decrease in actual management expenses, compared to a 5.73% decrease in net premiums.

Selected Indicators:

(Without considering commission on reinsurance ceded)

	Year Ended Dec. 31			
	2022	2021	2020	2019
Loss ratio (%)	42.08	7.79	7.77	14.81
Expense ratio (%)	44.37	47.04	64.52	72.91
Combined ratio (%)	86.45	54.83	72.29	87.72

Despite of having an improved expense ratio, combined ratio of PICL has deteriorated because of increased loss ratio. But still PICL'S combined ratio stood well below than 100%, which indicates good underwriting performance of the company. The company should focus on enhancing its net premium & controlling its management expense in future years to further improve its underwriting performance.

According to management report of quarter ended June, 2023, the loss, expense & combined ratio stood at 33.98%, 58.62% & 92.60% respectively.

Selected Indicators:

(After considering commission on reinsurance ceded)

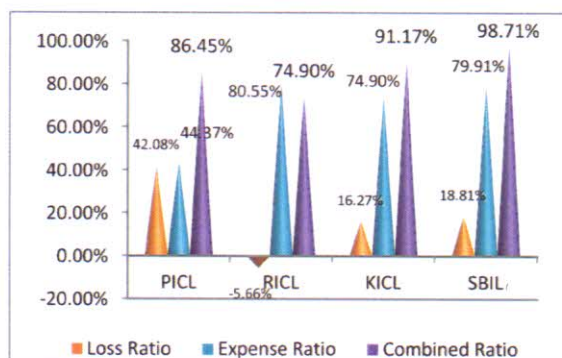
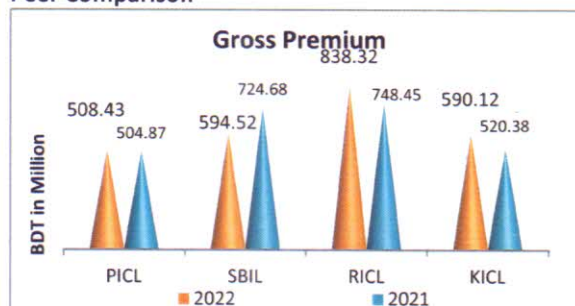
	Year Ended Dec. 31			
	2022	2021	2020	2019
Loss ratio (%)	37.37	6.96	6.49	12.72
Expense ratio (%)	39.41	42.05	53.93	62.29
Combined ratio (%)	76.77	49.02	60.42	75.02

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 four years.

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 The Company with other peer companies. In FY 2022, the improvement rate of gross premium for the company was 0.71%.

Peer Comparison



PICL= Paramount Insurance Company Limited

SBIL=Sonar Bangla Insurance Limited

RICL= Republic Insurance Company Limited

KICL= Karnaphuli Insurance Company Limited

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Management Expense

Every non-life insurance company including The Company are required to calculate the allowable management expenses as per Insurance Act 2010 and maintain its actual management expenses within the limit. As per the given guideline, the Company's allowable management expense was BDT 155.69 million, which has decreased by 5.68%. The total actual management expense was BDT 124.26 million, which has decreased by 11.08% in FY 2022. However, in FY 2022 the company was able to keep actual management expense below the allowable management expense, which has resulted in spare allowable management expense of BDT 31.44 million. The Company has incurred almost 79.81% of its allowable management expense in FY 2022 whereas it was 84.66% in FY 2021.

Selected Indicators

Year Ended Dec. 31

BDT in millions	2022	2021	2020	2019
Actual management expense	124.26	139.74	128.77	110.18
Allowable management expense	155.69	165.06	156.98	127.97
Excess management expense	(31.44)	(25.31)	(28.21)	(17.69)
Actual management expense as % of Allowable expense	79.81	84.66	82.02	86.09

According to management report of quarter ended June, 2023, The Company has reported BDT 83.48 million allowable management expense & BDT 72.09 million actual management expense, which has resulted in spare allowable management expense of BDT 11.39 million.

Claim Management

During FY 2022, the company paid off 138.79 million as Total claims which is 211.19 percentile point higher than previous year. It has been observed that, During FY 2022, the Company has settled 115 claims, whereas initiated claims was 170. This shows that the company has settled 67.65% of total initiation in FY 2022, which was 72.00% in FY 2021. Performance of the company on the basis of settlement in presented below:

Selected Indicators

Year Ended Dec. 31

BDT in millions	2022	2021	2020	2019
Total Claims	138.79	44.60	38.44	38.22
Total claims / net premium (%)	49.56	15.01	19.26	25.26
Claims paid during the year	64.76	23.64	16.97	15.28
Claims paid as % of total claims	46.66	53.01	44.16	39.99

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

Selected Indicators

BDT in millions	2022	2021	2020	2019
Number of Claim Initiated	170	150	130	95
Number of Claims Settled	115	108	80	80

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Profitability

Profitability position of the company has decreased during FY 2022 compared to that of previous year. It is noticed that, income of The Company comprised of underwriting profit & investment income. The main sources of the income come from underwriting profit which is 76.13% of total income in FY 2022. Underwriting profit of the company has decreased by 50.83 million in FY 2022 compared to previous year. It has observed that, underwriting profit from marine (cargo) & miscellaneous revenue account has increased in FY 2022 than that of last year. On the other hand, the company experienced a decline in underwriting profit from the fire revenue account and incurred losses in the marine (hull) and motor revenue accounts.

Except underwriting profit, investment income is another source of income for The Company comprising 23.87% of total income in FY 2022. Investment income has comprised of interest income, profit on investment in share, dividend income. However, Interest income consists of interest received on FDR, STD & BGTB. It has been observed that investment income declined significantly to BDT 25.94 million in FY 2022 from BDT 50.11 million in FY 2021, primarily due to losses incurred on investments in shares.

Selected Indicators

BDT in millions	Year Ended Dec. 31			
	2022	2021	2020	2019
Profit Before Tax	100.58	175.48	246.25	52.44
Profit After Tax	76.03	123.07	182.29	38.75
Net profit Margin (%)	14.95	24.38	46.30	13.28
Return on assets (%)	4.63	7.83	14.00	3.66
Return on equity (%)	7.24	11.99	20.21	5.34

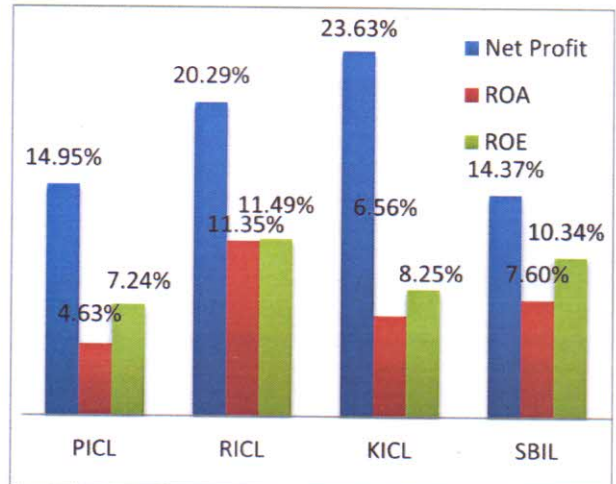
In FY 2022, Net Profit Margin of the company has decreased compared to that of last year. Profit after tax of the company has decreased by BDT 47.04 million, which is 38.22% lower compared to that of previous year. Alternatively, net premium of The Company has decreased by only 5.73% in FY 2022 from previous year. Significant decrease in net profit after tax has resulted net profit margin to decrease to 14.95% in FY 2022.

Return on assets (ROA) is an indicator of how profitable a company in relation to total assets and return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. During the year, both ROA and ROE have decreased due to mainly decreased profitability position of the company.

According to management report of quarter ended 30 June, 2023, the Company has reported BDT 45.36 million as net profit after tax and BDT 258.41 million as gross premium, which resulted net profit margin of 17.55%.

Peer Comparison

Overall profitability performance of The Company has declined in FY 2022. However, if the profitability of the company is compared with its peer group it has been observed that the company is not in a very good position compared to its peer group.



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Capital Adequacy

According to statutory capital requirement, every non-life insurance company is required to have BDT 400.00 million as paid up capital. The Company has fulfilled this requirement during the year. Paid-up capital of the company has remained same in FY 2022 and stood at BDT 406.65 million at the end of FY 2022.

The board of the company 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 10% cash dividend in FY 2022, 10% for the FY 2021, 2% for the FY 2019 & 2% for the FY 2016.

Asset Quality & Investment

AlphaRating observed that the company 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 and most of the company's investments comprise of FDR. Level of investment of the company has decreased in FY 2022. 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 & securities is another significant area of investment for the company which has decreased and stood at BDT 57.96 million (cost value).

Selected Indicators

BDT in millions	Year Ended Dec. 31			
	2022	2021	2020	2019
Total Investment	520.51	526.25	599.54	427.27
Investment income as % of total income	23.66	27.15	63.02	54.07
Yield on investment (%)	4.98	9.52	26.61	7.48

Investment income as a % of total income has decreased in FY 2022 due to mainly decreased investment income (48.23%). Furthermore, yield on investment has turned down to 4.84% in FY 2022 from 68.92% in FY 2021 as a result of decreased investment income during the period.

Items	Govt. Securities	BSEC approved Shares (Total)	Land & building in Municipality area	FDR (Total)	Fixed Asset	NBFI	Other
Required Rate (in terms of total assets)	7.50% (min)	25% (max)	20% (max)	80% (max)	5% (max)	10% (max)	5% (max)
PICL's Rate-2022	1.56	5.02%	37.31%	27.75%	5.10%	0.46%	22.78%

It is to be noted that, Other than BSEC approved shares, FDR, BSEC approved shares, the company has not complied with investment rules for non-life insurance companies issued on 14.11.2019 which is depicted in the above table.

Liquidity Analysis

Liquidity position refers to the company's ability to pay short term obligation as they fall due. While analyzing the liquidity position of the company, it is observed that current ratio of the company has slightly declined and stood at 1.91 times in FY 2022 as the company's current assets have increased by only 8.93%, whereas current liabilities have increased by 15.20%.

High net claim resulted into low current asset to net claim ratio. Current liability to total liability of the company has reported to 90.51% in FY 2022, as the company has deferred tax liability of BDT 45.54 million in FY 2022. During FY 2022 cash and cash equivalents has decreased by 6.57%, whereas total assets raised by 4.49%, which caused the cash & bank equivalents to total assets ratio to decrease in FY 2022.

Operating cash flow position of the company has decreased by BDT 42.15 million in 2022. Operating cash flow has mainly decreased due to increase management expense, commission, claim, re-insurance and also due to decrease in premium collection & other income. Operating cash flow to net claim ratio has decreased in FY 2022 due to decrease in Operating cash flow.

Selected Indicators

	Year Ended Dec. 31			
	2022	2021	2020	2019
Current ratio (times)	1.91	2.02	2.46	2.44
Current asset/net claim (times)	7.05	32.99	47.94	27.94
Current liabilities/total liabilities (%)	90.51	88.67	94.62	99.10
Cash & bank balance/total assets (%)	27.59	30.86	37.15	34.03
Operating cash flow/net claim paid out (%)	109.02	737.46	599.72	75.60
Operating Cash Flow	128.45	170.60	92.99	16.94

According to management report of quarter ended 30 June, 2023 current ratio of the company stood at 3.16 times and CFO stood at BDT 31.68 million

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Reserve Adequacy

The company 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 2022 the reserve for exceptional losses has been increased to BDT 197.51 million which has been increased by 16.53% from that of previous year. However, the reserve represents 70.52% of net premium

Reserve for exceptional losses represent 1.68 times of net claim in 2022 which was 7.32 times in 2021, suggesting the company's unexpected events absorbing capability decreased from that of last year.

According to management report of quarter ended 30 June, 2023, the company has reported BDT 210.23 million as reserve for exceptional losses.

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) have not prescribed any formula or guidelines to calculate the minimum solvency margin. It is observed that solvency ratio of the company has slightly decreased to 2.07 times in FY 2022 from 2.23 times in FY 2021.

It has been observed that Total actual investment has been increased from prior year due to increase in investment in fixed deposit, building under construction in FY 2022.

The table below represents the solvency in all concerned years.

BDT in millions	Year Ended Dec. 31			
	2022	2021	2020	2019
Total Actual Investment	1223.12	1210.84	947.69	749.58
Total Liabilities	592.00	544.12	399.87	334.84
Solvency Ratio (Times)	2.07	2.23	2.37	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 the company 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 CICA RE, Best Meridian International Insurance SPC, Kenya Reinsurance Corporation Limited, ION Insurance Group S.A, Aquiland Insurance PCC Ltd., PT Asuransi Umum Mega, Sentinel Underwriting Specialty Market, and Beazley Syndicate AFB.

Reinsurance protections availed from SBC is presented below:

Selected Indicators

	Fire	Marine Cargo	Misc.
Treaty Limit	640.00	100.00	10.0
Retention	20.00	2.50	1.00

It has been observed that, the company has 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 4 years is presented below:

Business Class\ Year	2022	2021	2020	2019
Fire (%)	49	51	38	49
Marine Cargo (%)	65	72	69	55
Motor (%)	95	96	95	97
Misc. (%)	17	13	16	14
Total (Average)	55	59	51	52

During FY 2022, total sum insured was BDT 165.29 billion whereas it was BDT 130.71 billion in FY 2021. Generally high retention level signifies adequate reinsurance protection while low retention level may hamper profitability. PICL's risk retention rate remained above 50% throughout the last four year.

According to management report of quarter ended 30 June, 2023, total sum insured was BDT 277.87 billion.

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. The company'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 2022 the Board of Directors met 8 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 implementation 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, the company 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 composed 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. A.H.M Habibur Rahman. Mr. Md. Sajjad Yahya, MD & CEO is the ex-officio member of the committee. During the year 2022, 02 meeting of the Executive Committee was convened.

Claims Committee

Claim Committee is composed of 3 Director. Mrs. Anita Haque is the chairman of the Committee. Other members of the committee are Mrs. Anita Das and Mr. A H M Habibur Rahman. Mr. Md. Sajjad Yahya, MD & CEO is the ex-officio member of the committee. During the year 2022, 8 (Eight) meeting of the Claim Committee was convened.

Audit Committee

The Audit Committee is constituted by 3 members of the board in which 2 are independent directors. Mr. Yahya A Z Khondker is the chairman and Mr. Hari Pada Deb and Mr. Mohammad Jahidul Abedin are the members of the committee and the Company Secretary is the Secretary of this Committee. The main duties of the audit committee is to Oversee the financial reporting process, to monitor choice of accounting policies and principles, to review along with the management, the annual financial statements before submission to the Board for approval, to Appraise the Board of the company regarding lapses and errors / frauds and other irregularities detected by the internal auditors, external auditors & inspection team of the regulating authorities and corrective measures taken for the purpose of effective control .During the year 2022, 7 (Seven) meetings of Audit Committee were held.

Nomination & Remuneration Committee (NRC)

The Board has formed a NRC committee as a sub-committee of the Board, has been constituted by 2 independent Director and another member of the Board in line with the newly issued Corporate Governance Code. Mr, Hari Pada Deb who represent in the Board as Independent Director is also the Chairman of the Committee. NRC is an important committee being an independent and responsible or accountable to the board and to the shareholders who 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 the year 2022, 3(Three) NRC Meeting were held.

Human Resource

PICL is committed to providing equal opportunities to all employees, irrespective of their gender, race, nationality, ethnic origin, or religion. PICL corporate goal is to improve staff engagement by measuring and responding to staff members' views and willingness to exert extra effort to achieve business success. PICL provide necessary support to staff in order to manage change effectively. PICL credit the strength of our people for organization's success, understanding of strategy and goals, as well as satisfaction with the work PICL do and how it contributes, are of critical importance throughout companies. PICL continue efforts to create and maintain a highly skilled and motivated workforce. Through succession planning initiatives, leadership capacity is identified and developed to ensure ongoing success.

IT Infrastructure & Its Utilization

The insurance sector is purely information-based market, therefore gathering, processing, storing and distributing a vast amount of information emerged needs the implementation of technology. The information technology helps companies to be more effective and efficient. IT department of the company has three major areas of concern, which include governance of the company's technological systems, maintenance of the infrastructure, and functionality of the systems overall. Beyond that, professionals within the IT department work internally on computer software and hardware in many ways that allow a business to be successful. PICL has already established integrated web-based software which included accounting system and operational process with insurance product service which under the process of entire branch connection. All operational process and functional process of branches and head office are connected with this integrated software. To overcome the struggle with fragmented data across product lines, functions and channels, PICL has also built a world-class information management practice to enable the company to quickly collect and analyze data, whether it is financial, claims, policy or customer data. PICL's MIS reports are based on integrated web-based software, front end-oracle developer and back end-oracle data base. Based on integrated software MIS, the company is sending the required data to the regulator. This keeps itself as an advantage position over its competitor's. This provides core functionality for sending and receiving data as well as monitoring, logging, error handling, re-processing and data life cycle management.

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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. It also design activates to add value & improve company's operation.

Corporate Governance

Corporate governance is such a system of governance in which organizations are run, managed and controlled with fairness, transparency, accountability and responsibility. Corporate governance with its present standard feature and structure has grown rapidly in the global business reporting due to the fact that in the recent years the legislative and regulatory activities, owner's and the management responsibilities increased as well as evolving best practice recommendations. All of you know that good corporate governance system is vital for efficient and effective business operation to achieve the set goal. In line with the best practice, the corporate governance systems and practices in Paramount are designed to ensure adequate internal control in operational process, transparency and accountability. The Board of Directors always put emphasis that the company conducts itself as a good corporate entity and comply with corporate behavior & guidelines adherence to rules and regulations etc. It is also ensured that duties and responsibilities are appropriately segregated between the Board and management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides leadership and direction to the management, approves strategic and major policy decisions and to oversee the management to attain predetermined goals and objectives of the company. We are already in compliance with almost all of the provisions of Bangladesh Securities & Exchange Commissions' Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. A summary report on the status of compliance as per Bangladesh Securities & Exchange Commission is given at Annexure C this report in the form of check list.

Corporate Social Responsibility

Corporate social responsibility is a corporation's initiative to assess & take responsibility for the company's effects on environmental & social wellbeing. The company endeavors to play its role as a good corporate citizen by supporting worthy causes which aim to improve the lives of the people. The company 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. PICL has played a contributory role in establishing safety green society for its stakeholders. At the 15th August National Mourning Day, Paramount Insurance Company relief in more than 700 families by a food package in rural area of Kurigram District as a part of our social obligation. We also planted 1,021 trees beside the highway road the city of Rangpur & also distribute 1000 blanket in Poor people at Dinajpur. PICL arrange a branch managers' conference in Cox's Bazar to motivate them. One the other hand your company takes initiatives to improve human resources by various training with in the organization and training provide by regulators,

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Board of Directors

Mr. Nawaz Ahmad	Chairman & Sponsor Director
Ms. Anita Haque	Vice Chairman & Sponsor Director
Ms. Anita Das	Sponsor Director
Mr. Atiqul Haque	Sponsor
Ms. Kamrun Nahar	Director
Mr. Ashok Kumar Das	Sponsor Director
Mr. Md. Shakhawat Hossain	Sponsor
Mr. Ashit Kumar Das	Sponsor Director
Mr. Alock Kumar Das	Sponsor
Mr. Mritunjay Kumar Saha	Sponsor
Mr. A.H.M. Abdur Rahman	Shareholder Director
Mr. Mohammad Jahidul Abedin	Shareholder Director
Mr. A.H.M. Habibur Rahman	Shareholder Director
Mr. Hari Pada Deb	Independent Director
Mr. Sib Sankar Saha	Independent Director

Auditor

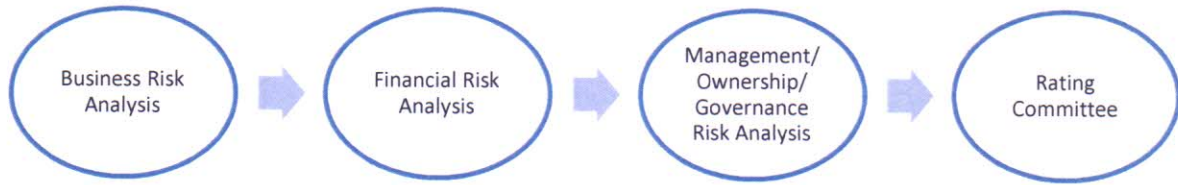
Islam Quazi Shafique & Co.
Chartered Accountants
4th Floor, Room- # C 17, New Eskaton Road, Moghbazar, Dhaka-1000.

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:

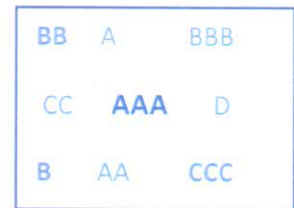
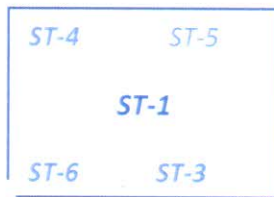
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

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
NEGATIVE

Rating may be raised
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.

