

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 <sup>th</sup> 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 <sup>th</sup> Surveillance	AA	ST-2	Stable

**Date of Incorporation** : 10<sup>th</sup> November, 1999

**Date of Registration from the Chief**

**Controller of Insurance** : 28<sup>th</sup> 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](mailto:shanta@alpharating.com.bd)

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**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 **6<sup>th</sup> 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

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Janhannoor Khan

[jahannur@alpharating.com.bd](mailto:jahannur@alpharating.com.bd)**Contents**

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Date of Incorporation:

**10 November, 1999**

Date of Registration from the

Chief Controller of Insurance: **28****December, 1999**

DSE &amp; CSE Listing Date:

**December, 2007**

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

**Industry Overview**

Management &amp; Other Qualitative Factor

**Business Risk****Financial Analysis**

Company Information

**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.

