

**CREDIT RATING REPORT  
ON  
TAKAFUL ISLAMI INSURANCE PLC**

## RATING REPORT CONTENTS

<b>Detailed Report:</b>	Page No.
Disclaimer	--
Executive Summary	--
Rating	01
Rating Basis	01
Rating Definition	01
Rating Rationale	02
Business Overview	03
Industry Overview	04
Business Risks	08
Operational Risks	12
Financial Risks	15
Appendix-I & II	I

[FORM-IX]  
[Rule 10(8) A(g)]

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Mohammad Jahangir Alam  
Chief Executive Officer (CEO)  
National Credit Ratings Ltd.

**EXECUTIVE SUMMARY**  
**1<sup>ST</sup> SURVEILLANCE ENTITY RATINGS OF**  
**TAKAFUL ISLAMI INSURANCE PLC**

<b>Declaration Date</b>	<b>09.01.2025</b>	<b>19.02.2024</b>
<b>Long Term Entity Rating</b>	<b>AAA (Triple A)</b>	<b>AA+ (Double A Plus)</b>
<b>Short Term Entity Rating</b>	<b>ST-1</b>	<b>ST-2</b>
<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>
<b>Expiry Date</b>	<b>08.01.2026</b>	<b>18.02.2025</b>

**Performance Highlights:**

(TK in Million)

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Total Assets	1288.11	1,242.98
Total Investment	180.99	168.14
Paid Up Capital	425.87	425.87
Total Equity Capital	816.88	805.77
Gross Premium Written	746.37	626.23
Net Premium Earned	442.28	360.27
Underwriting Income	72.49	73.05
Profit After Tax	62.72	63.35
Outstanding claim	121.39	247.92
Premium Solvency Ratio (%)	163.77	225.14
Loss Ratio (%)	4.09	1.36
Current Ratio (X)	0.68	0.31
ROE (%)	13.98	15.03
ROA (%)	8.96	9.79

<b>Strengths</b>
▪ Diversified products and services
▪ Huge district coverage & number of agents
▪ Experience promoters & management committee
▪ Sound business performance
▪ Sound claim settlement
▪ Satisfactory premium solvency ratio, financial base & liquid assets to NPR
▪ Satisfactory IT infrastructure
▪ Regular payment of cash dividend (10% in 2023)
<b>Challenges</b>
▪ Developing innovative ideas and new products
▪ Raising public faith & awareness
▪ Increasing market share in a very competitive market structure

Mohammad Jahangir Alam  
 Chief Executive Officer (CEO)  
 National Credit Ratings Ltd.

Declaration Date	09.01.2025
Long Term Entity Rating	AAA (Triple A)
Short Term Entity Rating	ST-1
Outlook	Stable
Expiry Date	08.01.2026

**RATING BASIS**

Ratings are based on Audited Financial Statements up to December 31, 2023 along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. NCR has followed Non-life Insurance Rating Methodology of NCR published in our website.

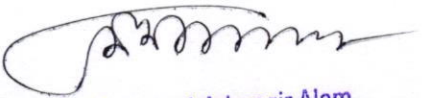
**RATING DEFINITION**

**AAA (Triple A)** entity rating defines strongest credit quality.

**ST-1** defines strongest ability to meet short term financial commitments.

**DEFINITION OF OUTLOOK**

**Stable** indicates that rating may remain unchanged as existing fundamentals may remain unchanged in near future.



Mohammad Jahangir Alam  
Chief Executive Officer (CEO)  
National Credit Ratings Ltd

### **RATING RATIONALE**

NCR has upgraded the previous ratings of **Takaful Islami Insurance PLC** by single notch & assigned the Rating Grade (**AAA, ST-1**) which defines Strongest Credit Quality & Ability to Meet Short Term Financial Commitments.

The Company's excellent business performance as well as its market prospect were considered thoroughly by the rating committee members while assigning the highest rating grade. Satisfactory business profile with diversified products and services, experienced promoters & management committee along with the transparency of news disclosures were also considered positively.

The concerns claim settlement as well as financial base, satisfactory premium solvency ratio, regular payment of cash dividend (10% in 2023) were also considered by the rating committee members while upgrading the above rating. Moreover, reinsurance arrangement with renowned reinsurers, total sum insured and best possible reserve for exceptional losses have also been considered & that are well aligned with the highest rating grade.

Further, satisfactory gross premium written, net premium earned, & NPR also considered by the rating committee members. Moreover, regular payment of claims reflects through decrease of outstanding claim are considered affirmatively. However, the ratings have been constrained, to some extent, by declined investment yield, inadequate current ratio representing lower amount of insurance related assets compared to insurance related liability.

The government of Bangladesh is also patronizing this industry by providing policy support. However, TIIPLC's ability to maintain its smooth presence in the insurance sector is important. In this regard, successful execution of Concerns' envisaged business strategy including diversification and growth while managing risk would be key challenges. At the same time, upholding high governance standard will be critical.

### **RATING OUTLOOK**

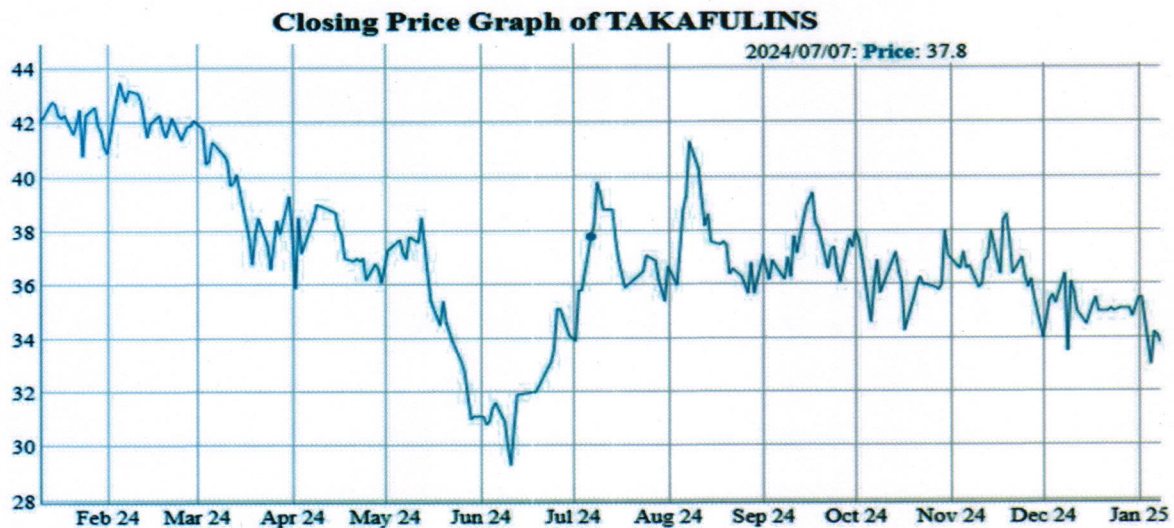
The stable outlook reflects the company's unwavering performance on its fundamentals and NCR expects that the company will be able to maintain its good fundamentals on an ongoing basis in the future.

②

## 2.0 BUSINESS OVERVIEW

**2.1 Takaful Islami Insurance PLC** (hereinafter referred as 'TIIPLC' or 'The Company') is a Non-Life Islami Insurance Company offering all kinds of general insurance products & services i.e. fire, motor, marine, engineering & miscellaneous areas, was incorporated on December 21, 1999 as a Public Limited Company under the Companies Act 1994 and Insurance Act 1938. The company is listed with Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC in 2008.

**2.2** The shares of the Company are traded under "A" category in both the bourses. The face value of each share is TK 10.00. The Board of Directors has recommended 10% cash dividend for the year ended on December 31, 2023. The 24<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> August, 2024. The EPS of the Company has been reported to TK 1.47 in 2023 against TK 1.49 in 2022. The following graph reveals the trading history of 'TIIPLC's stock closing price over the period of last twelve months at DSE:



**2.3** The Registered Office of TIIPLC is located at Monir Tower (7th, 8th & 9th Floor), 167/1, DIT Extension Road, Motijheel (Fakirapool), Dhaka.

## 2.4 PRODUCT AND SERVICE:

Non-life Insurance Schemes	
<b>Fire</b>	<b>Marine</b>
<ul style="list-style-type: none"> <li>▪ Standard fire policy</li> <li>▪ Fire package</li> <li>▪ Industrial all risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Marine cargo insurance</li> <li>▪ Marine hull insurance</li> </ul>
<b>Engineering</b>	<b>Motor</b>
<ul style="list-style-type: none"> <li>▪ Contractor all risks insurance (CAR)</li> <li>▪ Erection all risks insurance (EAR)</li> <li>▪ Machinery breakdown insurance (MBD)</li> <li>▪ Deterioration of stock insurance (DOS)</li> <li>▪ Boiler &amp; pressure vessel insurance (BPV)</li> <li>▪ Contractor's plant &amp; machinery insurance (CPM)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Comprehensive insurance</li> <li>▪ Act liability insurance</li> </ul>

Miscellaneous	
<ul style="list-style-type: none"> <li>▪ Burglary insurance (BUG)</li> <li>▪ Cash-in-safe insurance (CIS)</li> <li>▪ Cash-in-transit insurance (CIT)</li> <li>▪ Workmen's compensation insurance (WP)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cash-on-counter insurance (COC)</li> <li>▪ Personal accident insurance (PA)</li> <li>▪ Peoples personal accident insurance (PPA)</li> </ul>

2.5 The company is providing services through 53 branches (including permission for two new branch) all over the country. The details of the Branches are provided below:

Sl. No.	Name of Branch	Sl. No.	Name of Branch
1	Agrabad Branch	28	Kushtia Branch
2	B. Baria Branch	29	Local Office
3	B.B. Avnue Branch	30	Malibagh Branch
4	Bangshal Branch	31	Mirpur Branch
5	Baridhara Branch	32	Mohakhali Branch
6	Barisal Branch	33	Motijheel Branch
7	Bogura Branch	34	Mymensingh Branch
8	Chowmuhani Branch	35	Narayanganj Branch
9	Chuadanga Branch	36	Narsingdi Branch
10	Cox's Bazar Branch	37	Noapara Branch
11	Cumilla Branch	38	Pabna Branch
12	Dhanmondi Branch	39	Paltan Branch
13	Dilkusha Corp. Branch	40	Principal Branch
14	Dinajpur Branch	41	Rajshahi Branch
15	DIT Extension Road Br.	42	RAJUK Avenue Branch
16	Elephant Rd. Branch	43	Ramganj Branch
17	Feni Branch	44	Rangpur Branch
18	Gazipur Branch	45	Saidpur Branch
19	Gulshan Branch	46	Satkhira Branch
20	Imamganj Branch	47	Shantinagar Branch
21	Jashore Branch	48	Shyamoli Branch
22	Jhenaidah Branch	49	Sylhet Branch
23	Jubilee Road Branch	50	Tangail Branch
24	Kawran Bazar Branch	51	Toyenbee Circular Road Br.
25	Khatunganj Branch	52	Uttara Branch
26	Khulna Branch	53	VIP Road Branch
27	Kishoreganj Branch	--	--

### 3.0 INDUSTRY OVERVIEW

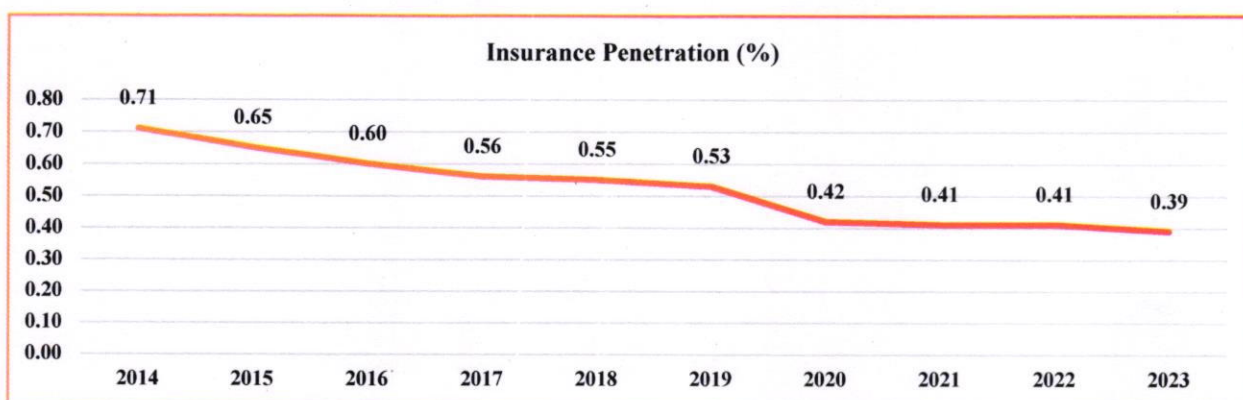
3.1 After the liberation of Bangladesh, in 1972, all the 49 insurance companies operating in Bangladesh were nationalized under five public sector corporations which were subsequently restructured into two corporations: the Sadharan Bima Corporation (SBC) for general insurance, and Jiban Bima Corporation (JBC) for life Insurance in 1973 under the Insurance Corporations Act, 1973. The private sector was allowed to operate in all areas of insurance for the first time in 1984. Currently, a total of 82 insurance companies are operating in the industry.

Brief overview of insurance industry of Bangladesh is presented in the table below:

Particulars	Details
Insurance Penetration Rate (2023)	0.39%
Global Insurance Penetration Rate (2023)	7.00%
Insurance Density (2023)	USD 12.00
Global Insurance Density (2023)	USD 889.00
Gross Premium (GP) (Life) (2023)	BDT 122.80 billion
Gross Premium (GP) (Non-Life) (2023)	BDT 52.04 billion
Market Share of Life Insurance based on GP (2023)	70.23%
Market Share of Non-Life Insurance based on GP (2023)	29.77%
Number of Life Insurance Policies (2023)	8.63 million
Claim Settlement Ratio (Life) (2023)	72.25%
Claim Settlement Ratio (Non-Life) (2023)	41.35%
Human Resources	41,481
Top 05 Life Insurance Companies	Met Life, National Life, Delta Life, JBC, Popular Life
Top 05 Non-Life Insurance Companies	SBC, Green Delta, Reliance, Pioneer, Pragati

Source: Insurance Development and Regulatory Authority (IDRA); Swiss Re Institute (Sigma Report); Financial Stability Report 2023, Bangladesh Bank; The Daily Star (01.03.2024)

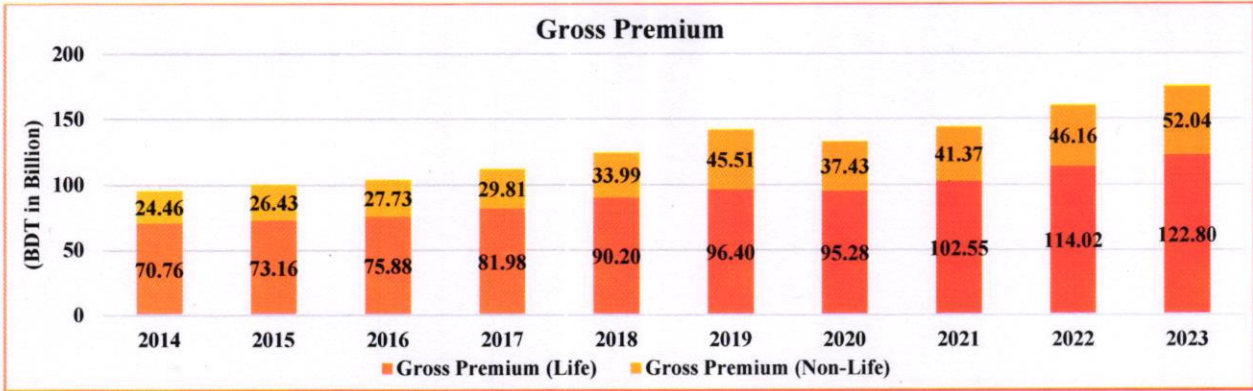
3.2 Though the history of insurance industry is long, there were merely any regulations prior to 2010. In 2010, a law was formulated and afterwards, Insurance Development and Regulatory Authority (IDRA) was established in 2011 to supervise the insurance businesses and safeguarding the interest of policy holder. However, even after ten years of establishment, IDRA is yet to be fully functional. Lengthy time required to settle claims, lack of confidence of general people, regulatory supervision, transparency, product diversification, use of appropriate technology, experts and academics along with inadequate policy support from the government are the major causes behind the very low insurance penetration rate in Bangladesh. Insurance penetration rate of Bangladesh was 0.39% in 2023 against 0.41% in both 2022 and 2021. Trend of historical insurance penetration rates is depicted below:



Source: Insurance Development and Regulatory Authority (IDRA), Swiss Re Institute (Sigma Report)

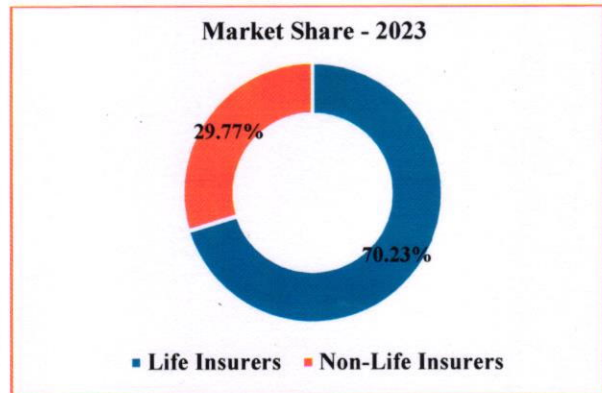
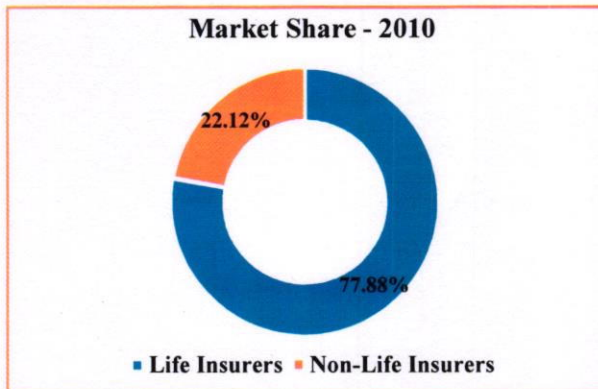
3.3 Insurance penetration rate in Bangladesh has been experiencing a declining trend over the last ten years. According to the Sigma Report of Swiss Re Institute, global insurance penetration rate was 7.00 percent in 2023 while our insurance penetration rate was far below 1 percent. Insurance density is also very poor in our country at USD 12.00 against world average of USD 889.00.

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Source: Insurance Development and Regulatory Authority (IDRA)

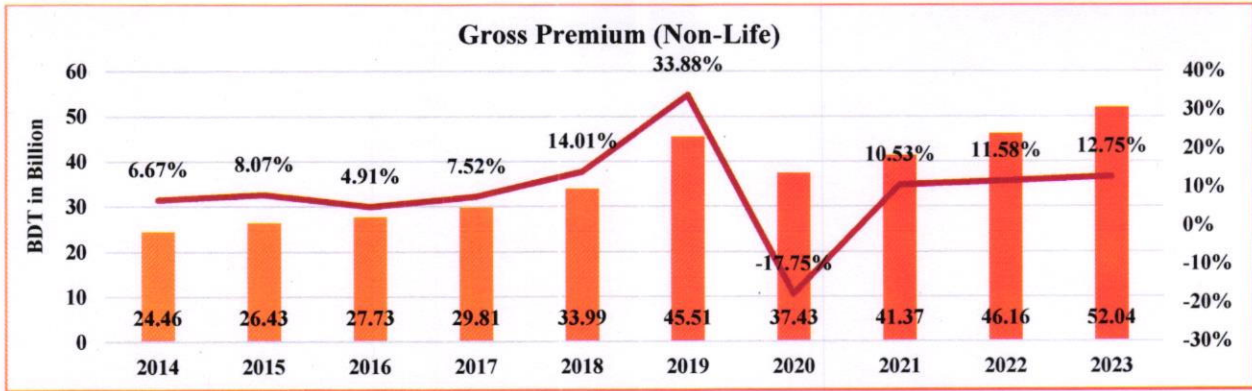
3.4 Collection of gross premium has an increasing trend over the years. Gross premium collection fell in 2020 due to the Covid-19 pandemic but started increasing the following year. Gross premium collection of non-life insurers experienced a greater growth compared to life insurers. Insurance companies are broadly categorized as life insurers and non-life insurers. Life insurance companies occupy the lion's share of the market. However, from the following graph we can see that market share of non-life insurance companies has grown in 2022 compared to 2010.



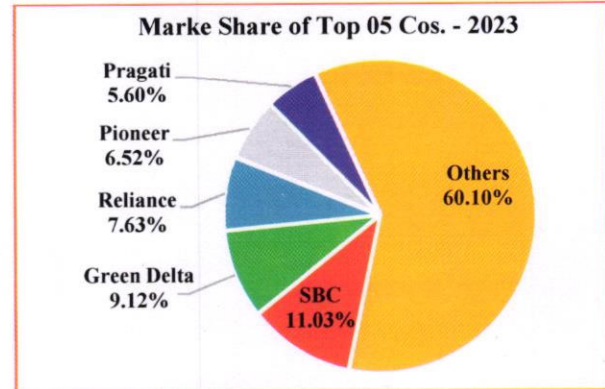
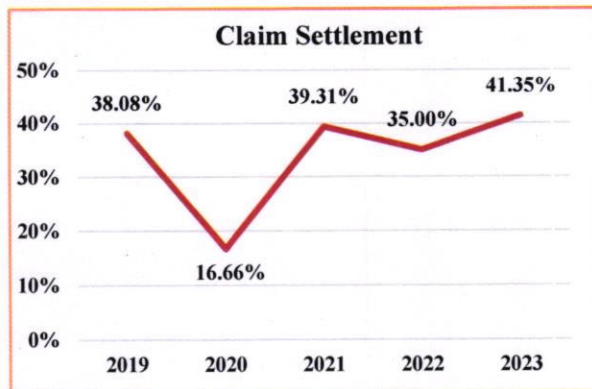
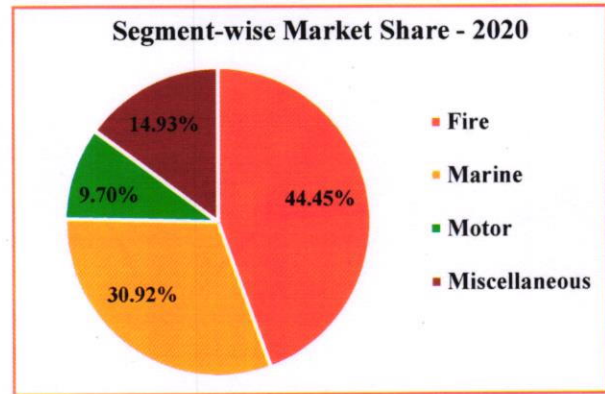
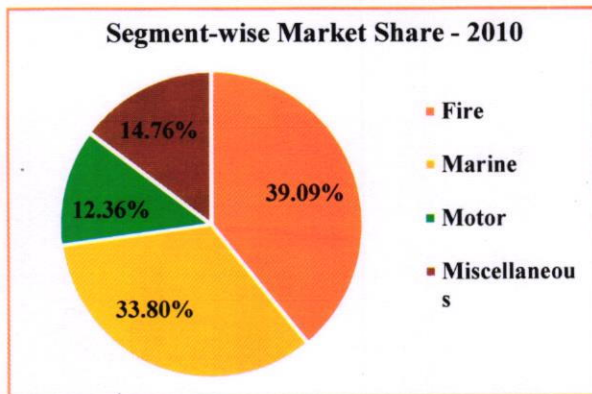
Source: Insurance Development and Regulatory Authority (IDRA)

### NON-LIFE INSURANCE SECTOR AT A GLANCE

3.5 Non-life insurers occupy lesser market share of Bangladesh insurance industry compared to the life insurers. Currently the sector represents nearly one-third of the industry. However, the sector is growing and grabbing more market share. As a result, market share of non-life insurers in terms of gross premium collection jumped to 29.77 percent in 2023 from 22.12 percent in 2010. In last ten years, gross premium collection of the sector experienced a CAGR of 7.84 percent and reached to all-time high in 2023. Higher growth of gross premium collection can be attributed to the growth of market shares. Low claim settlement ratio can also be linked to the declining market share. In the last ten years, the claim settlement ratio was only around 40 percent on an average. Brief overview of life insurance sector is depicted below:



Source: Insurance Development and Regulatory Authority (IDRA)



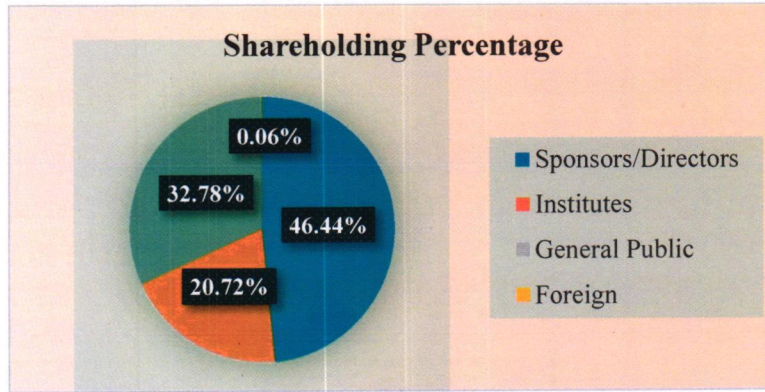
Source: Insurance Development and Regulatory Authority (IDRA)

3.6 After the commencement of privatization of insurance industry, many companies came into play but the insurance penetration rate is on a declining trend. Bangladesh is the 35<sup>th</sup> largest economy in the world but it stood 60<sup>th</sup> in world ranking in terms of the total insurance premium volume. Most of the companies couldn't achieve the trust of the clients. Some experts believe that the number of insurance companies for a market like Bangladesh is too many. Unethical practices have been fueled by the cut-throat competition among the companies. However, economy of the country as well as per capita income has been growing. So, there is immense scope for the companies to grab the market with the help of pragmatic policy support from the government and timely and proper implementation of the policy.

### 3.0 BUSINESS RISKS

#### 3.1 OWNERSHIP STRUCTURE

The shareholding pattern of the company has been found diversified among sponsors/Directors, institutes and general public. The majority of the shares 46.44% are held by the Sponsors/Directors, while different institutes hold 20.72% of the total shares, Foreign holds 0.06% and 32.78% shares are held by the General Public as on August 31, 2024. The following graph portrays the shareholding structure of the company as on August 31, 2024:



Sl. No.	Name of Directors	Status	Shares	% of paid up shares
01	Mrs. Tahmina Afroz	Chairman	9,94,075	2.33%
02	Mr. Emdadul Haque Chowdhury	Vice Chairman	8,61,734	2.02%
03	Mr. Md. Humayun Kabir Patwary	Sponsor Shareholder Director	14,77,594	3.47%
04	Mr. Abul Hashem	Sponsor Shareholder Director	8,51,744	2.00%
05	Mr. Md. Abul Hashem	Sponsor Shareholder Director	12,77,594	3.00%
06	Mrs. Shahanaz Parvin	Sponsor Shareholder Director	15,32,587	3.60%
07	Mr. Md. Iqbal Hossain, Rep. of Eastern Diagnostic H & OPMS	Sponsor Shareholder Director	15,26,807	3.59%
08	Mr. Redwan Kabir	Sponsor Shareholder Director	8,52,000	2.00%
09	Mr. Md Riazul Haider, Rep. of Hazi Shakhawat Anwara Eye Hospital.	Sponsor Shareholder Director	13,65,448	3.21%
10	Engr. Khondaker Mesbauddin Ahmed Rep. of The Eventus	Sponsor Shareholder Director	8,52,000	2.00%
11	Mr. Md Saiful Islam, Rep. of Modern Diagnostic Center Ltd.	Public Shareholder Director	8,52,011	2.00%
12	Mr. Khorshed Alam Khan	Public Shareholder Director	8,52,028	2.00%
13	Mr. Md. Jahirul Islam	Public Shareholder Director	35,97,035	8.45%

14	Mr. Mahmud Ali Khan, Rep. of Daffodils Sign Media.	Public Shareholder Director	11,25,720	2.64%
15	Mr. Md. Zia Uddin Podhar	Public Shareholder Director	9,50,514	2.23%
16	Mr. Md. Mofizuddin	Sponsor Shareholder	10,07,000	2.36%
17	Mr. Anwer Hossain Khan	Sponsor Shareholder	8,86,355	2.08%
18	Engr. Khondaker Mesbauddin Ahmed	Sponsor Shareholder	4,25,594	1.00%
19	Mrs. Farzana Rahman	Sponsor Shareholder	12,77,594	3.00%
20	Mr. Anwar Hossain Chowdhury	Sponsor Shareholder	8,51,834	2.00%
21	Alhaj Tofazzal Hossain	Sponsor Shareholder	5,67,819	1.33%
22	DN Securities Limited	Sponsor Shareholder	8,97,367	2.11%
23	Engineer Towhidur Rahman Ltd.	Sponsor Shareholder	8,60,000	2.02%
		<b>Total</b>	<b>2,57,42,454</b>	<b>60.45%</b>

### 3.2 CORPORATE GOVERNANCE

**3.2.1** The Board of Directors of the company is comprised of 17 (seventeen) members. During the year 2023, 06 Board Meetings were held. The board is a key source of guidance to the management and responsible for the policy formulation and overseeing the overall management reports. A brief profile of board members is given below:

Sl. No.	Name of Directors	Designation	Educational Qualification	Experience
01	Mrs. Tahmina Afroz	Chairman	B.Sc.	23 Years
02	Mr. Emdadul Haque Chowdhury (Emdad)	Vice Chairman	Graduation	50 Years
03	Mr. Md. Humayun Kabir Patwary	Chairman, Executive Committee	C.A.C.C., M.Com	41 Years
04	Mr. Khorshed Alam Khan	Chairman, Claim Committee	Graduation	20 Years
05	Mr. Md. Azizul Hossain	Chairman, NRC (I.D)	M.Com (Management), MBA (Marketing)	17 Years
06	Mr. Md. Abul Hashem	Sponsor Shareholder Director	Graduation	50 Years
07	Engr. Khondaker Mesbauddin Ahmed Rep. of The Eventus	Sponsor Shareholder Director	M.Sc. (Engr.)	60 Years
08	Mr. Abul Hashem	Sponsor Shareholder Director	BBM	21 Years
09	Mr. Md. Iqbal Hossain (Rep. of Eastern Diagnostic H & OPMS)	Sponsor Shareholder Director	H.S.C	06 Years
10	Mrs. Shahanaz Parveen	Sponsor Shareholder Director	B.A	07 Years
11	Mr. Redwan Kabir	Sponsor Shareholder Director	Masters of Business Analytics (York University, Canada), B.Com. (Hons.)	03 Years
12	Mr. Md. Riazul Haider Representative of Hazi ShakhawatAnwara Eye Hospital	Sponsor Shareholder Director	Diploma Engineering (Computer)	04 Years

	Ltd.			
13	Mr. Md. Saiful Islam (Rep. of Modern Diagnostic Center Ltd.)	Public Shareholder Director	Masters	03 Years
14	Mr. Jahirul Islam	Public Shareholder Director	Graduation	20 Years
15	Mr. Md. Zia Uddin Podhar	Public Shareholder Director	B.Com.	21 Years
16	Mr. Mahmud Ali Khan (Rep. of Daffodils Sign Media)	Public Shareholder Director	H.S.C.	30 Years
17	Mr. A.B.M Kaikobad	Independent Director	Masters in International Trade & Investment (MITB), PGDPM (Personnel Management), MBA (HRM), M.Com (Accounting)	18 Years

**3.2.2** The board has six committees, i.e. Audit Committee (composed of 04 members), Nomination & Remuneration Committee (composed of 04 members), Investment Committee (composed of 05 members), and Risk Management Committee (composed of 05 members), Policyholder Protection & Compliance Committee (composed of 05 members) & Shariah Council (composed of 05 members). The committee members are directly selected by the BoD. Each committee operates under specific Terms of Reference (TOR) which outlines the responsibilities/functions of the committee. All the committees are reconstituted after every AGM and the meetings are held on regular basis to oversee and monitor the functions of the company.

SL	Committee	Responsibilities/Activities
1.	Audit Committee	The 4 (four) members Audit Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors to monitor, analyze and audit the overall activities of the Company and report to the Board and AGM ensuring and certifying that the financial statements as presented reflect a true and fair view.
2.	Nomination & Remuneration Committee	The 4 (four) members Nomination and Remuneration Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors. Responsibilities of NRC - <ul style="list-style-type: none"> <li>▪ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.</li> <li>▪ Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.</li> <li>▪ Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.</li> <li>▪ Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment.</li> <li>▪ Formulating criteria for evaluation of performance of independent directors and the Board.</li> <li>▪ Identifying company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.</li> <li>▪ Developing recommending and reviewing annually the company's human resources and training policies.</li> </ul>

3.	Investment Committee	The 5 (five) members Executive Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors to oversee the Company's investment portfolio in the interest of insurance customers, shareholders and stakeholders and report to the Board.
4.	Risk Management Committee	The 5 (five) members Executive Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors. The Risk Management Committee will play an effective role in mitigating the emerging and potential risks in the implementation of the strategies and action plans formulated by the Board of Directors and will smoothly complete the duties of the Board of Directors in this regard.
5.	Policyholder Protection & Compliance Committee	The 5 (five) members Policyholder Protection and Compliance Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors. The Policyholder Protection and Compliance Committee will review the complaints of the insured and ensure speedy settlement of claim and protection of interests and carry out the duties assigned by the Board of Directors in this regard.
6.	Shariah Council	The 5 (five) members Shariah Council Committee of Takaful Islami Insurance PLC was constituted by the Board of Directors to refix percentage of Tabarru and Service charge after stabilization of the present situation.

**3.2.3** The committee meetings are held on regular basis and are convened by the respective chairperson. The synopsis of the members of the committee and number of meeting held under each committee is presented below:

SL. No.	Committee	Number of Meeting held in FY 2023
1	Board of Directors	06
2	Executive Committee	11
3	Claims Committee	6
4	Audit Committee	4
5	Nomination and Remuneration Committee	4
6	Shariah Council	2

### 3.3 MANAGEMENT

**3.3.1** The management team is well-structured with some qualified and experienced professionals. The management team is headed by the CEO, Mr. Abul Kalam Azad who has around 25 years of experience in insurance sector. All the heads of different departments directly report to the Chief Executive Officer. A brief profile of the key management personnel is given below:

SL	Name of the Professionals	Designation	Education Qualification	Experience
1.	Mr. Abul Kalam Azad	Chief Executive Officer	M.Com (Management) & Insurance Diploma (BIA)	25 Years
2.	Mr. Mohammad Selim	Additional Managing Director	B.S.S (Hons.), M.S.S. (Economics), M.B.A. (Finance & Banking) & Insurance Diploma from BIA	28 Years
3.	Mr. Mohammad Mamunul Islam	Sr. Executive Vice President & Chief Financial Officer	M.Com (Accounting), CA Professional Course (Knowledge level) from ICAB	14 Years

4.	Mr. Shamsuddin Ahmed	Executive Vice President & Head of Internal Audit	B.Sc. (Honours), M.Sc. (Chemistry),	33 Years
5.	Mohammad Shaheen Miah	VP & Company Secretary	M.A. & CS Inter (ICSB)	25 Years
6.	Mr. Md. Ali Rahim	Vice President & Head of Underwriting (Marine)	M.S.S. (Sociology) & Insurance Diploma from BIA	26 Years
7.	Mr. Md. Nuzmul Ahasan Chowdhury	Deputy Vice President & Head of Underwriting (non-marine)	M.B.A. (Management)	22 Years
8.	Mr. Md. Rahim Ullah	Head of IT	M.B.A. (Accounting), EMSC (Computer Science)	16 Years

**3.3.2** The management meeting is arranged every month where administrative and business issues are discussed along with periodic statements on the financial performance which includes, monthly cash flow statement, monthly business position, monthly third party premium collection, branch wise policy issue statements, monthly expenses summary, monthly review of internal audit report, claim settlement statement review, reinsurance statement review, recovery from Sadharan Bima Corporation etc. are discussed.

**3.3.3** There are 66 employees working in Head Office and 228 desk employees and 677 Marketing Officer working in Branch Office as on October 22, 2024. The company recruits all employees centrally and the recruitment depends on the necessary skills, expertise and qualification. All the employees are provided with Foundation training and on the Job training according to individual's need and business based. The company provide good compensation package and along with that, the company has Performance Appraisal Process depending on which Reward and Recognition of Training & Development is provided.

### 3.4 INTERNAL CONTROL SYSTEM

The company has a written HR policy for its employees & abides by the labor law 2006 and actively encourages employee involvement in company's business through various types of benefits. TIIPLC offers good compensation packages to its employees including festival bonus, incentives, provident fund, gratuity etc. According to the HR policy they also provide health care facilities (first aid facilities, in house medical treatment, outside medical treatment), Maternity facilities (maternity treatments, maternity awareness program, and maternity leave). With the motivation and support of their executives and workers, they look forward to attain sustainable growth.

### 3.5 OPERATIONAL RISKS

The company is exposed to some risks associated with the operation. Some of the significant operational risks are stated below:

#### 3.5.1 UNDERWRITING & RISK ASSESSMENT:

A brief profile of the team of experts for underwriting:

SL.	Name of the Employees	Designation	Education Qualification	Experience
01.	Mr. Mohammad Selim	Additional Managing Director	B.S.S (Hons.), M.S.S. (Economics), M.B.A. (Finance & Banking) & Insurance Diploma from BIA	28 Years
02.	Mr. Md. Ali Rahim	Vice President & Head of Underwriting (Marine)	M.S.S. (Sociology) & Insurance Diploma (BIA)	26 Years

03.	Mr. Md. Nuzmul Ahasan Chowdhury	Deputy Vice President & Head of Underwriting (non-marine)	M.B.A. (Management)	22 Years
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### 3.5.2 CLAIMS

A brief of claim settlement for the year 2022 & 2023 by the delegated authority is as follows:

Year: 2023				
Type of Claim	Approval Authority of MD		Approval Authority of Claim Committee	
	Nos.	Amount	Nos.	Amount
Fire	06	93,300.00	16	123,301,237.00
Marine Cargo	07	106,750.00	11	14,898,143.00
Marine Hull	00	--	00	--
Motor	28	429,800.00	25	3,749,650.00
Misc.	00	--	00	--
Year: 2022				
Fire	12	186,600.00	23	57,292,285.00
Marine Cargo	10	152,500.00	12	28,184,287.00
Marine Hull	00	--	00	--
Motor	25	383,750.00	21	1,842,880.00
Misc.	01	17,250.00	00	--

### 3.5.3 INFORMATION TECHNOLOGY:

TIIPLC uses an "Integrated Insurance Business Solution (IIBS)" Software which is fully automated web-based system developed by the company's IT department. All the operational process and functionalities are included in ERP applications All the branches are fully under the automated web-based system. The system provides high level of data security and capable of keeping all information regarding Underwriting, Claims and Re-insurance and provides solution for these issues.

### 3.5.4 TOP CUSTOMER LIST:

The company has been maintaining a robust client base over the years. The customer base is segregated in motor, marine, engineering, motor & miscellaneous areas. Some of the major clients are enlisted below based on Gross Premium Earned:

Sl. No.	Name of Customer	Gross Premium (Tk. in Million)	Sl. No.	Name of Customer	Gross Premium (Tk. in Million)
01	United Group	29.00	07	Titanium	8.60
02	Ibn Sina Group	22.00	08	Libas Textile	7.60
03	RRP Group	10.00	09	ACME	7.00
04	Arla Food	20.00	10	Bio Pharma	6.70
05	Fame Apparels	13.00	11	United Coal	6.50
06	Star Link	8.80	12	Nippon Paint	5.00

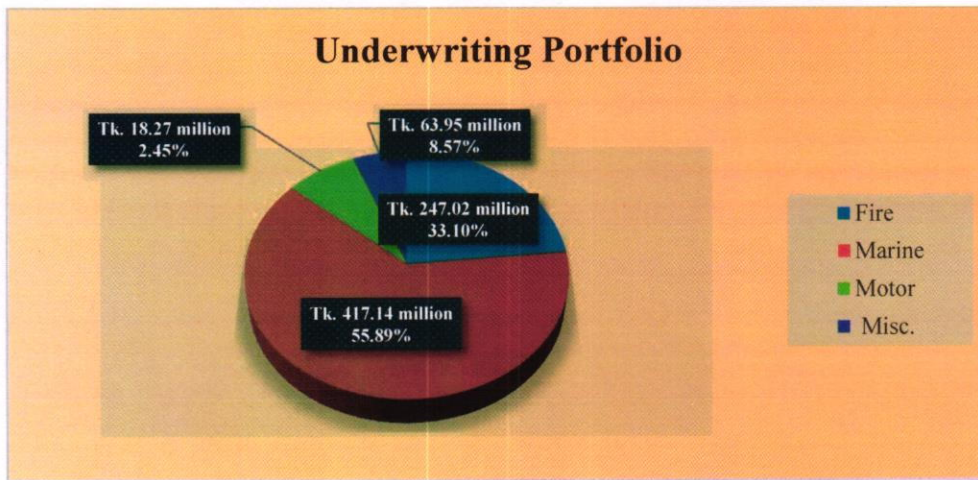
### 3.6 QUANTITATIVE ANALYSIS:

3.6.1 TIIPLC has diversified its risk portfolio under the class of fire, marine cargo, marine hull, motor and miscellaneous. Class-wise sum insured and re-insurance coverage during the year 2023 and 2022 are detailed below:

Business Class	2023 (TK)	2022 (TK)
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	Sum Insured	Re-insurance Coverage	Sum Insured	Re-insurance Coverage
Fire	144,063,449,090.00	126,162,427,711.00	119,141,673,341.00	109,352,207,827.00
Marine ( Cargo)	84,961,345,588.00	34,135,119,786.00	57,991,822,600.00	18,286,889,143.00
Marine ( Hull)	33,240,000.00	29,720,000.00	15,500,000.00	12,500,000.00
Motor	1,389,412,900.00	155,958,822.00	1,287,003,948.00	71,763,526.00
Miscellaneous	354,545,742,555.00	125,559,660,002.00	65,735,764,402.00	10,731,928,308.00
<b>Total</b>	<b>584,993,190,133.00</b>	<b>286,042,886,321.00</b>	<b>244,171,764,291.00</b>	<b>138,455,288,804.00</b>

**3.6.2** The financial analysis of the concern are based on Audited Financial Statements up to December 31, 2023. The Gross Premium Written (GPW) was recorded to TK 746.37 million in 2023 & TK 626.23 million in 2022 and TK 610.99 million in 2021, which is resulted a growth of 19.18% in 2023, 2.49% in 2022. The underwriting portfolio was comprised of 33.10% fire insurance in 2023 (39.79% in 2022), 55.89% marine in 2023 (41.44% in 2022), 2.45% motor in 2023 (3.43% in 2022) & 8.57% miscellaneous in 2023 (15.35% in 2022). A graphical presentation of underwriting portfolio is given below:



**3.6.3** The Net Premium of the company has recorded TK 498.81 million in 2023 & TK 357.89 million in 2022, while the Gross Premium was TK 746.37 million in 2023 and 626.23 million in 2022. Class wise gross premium and net premium during 2023 and 2022 are detailed below:

Business class	Gross Premium	Net Premium	Gross Premium	Net Premium
	2023 (TK in Million)		2022 (TK in Million)	
Fire	247.02	123.21	249.17	102.86
Marine (Cargo)	407.62	348.20	256.75	198.27
Marine (Hull)	9.52	0.47	2.74	0.19
Motor	18.27	16.44	21.47	18.77
Miscellaneous	63.95	10.49	96.09	37.80
<b>Total</b>	<b>746.37</b>	<b>498.81</b>	<b>626.23</b>	<b>357.89</b>

**3.6.4** The Net Premium Revenue (NPR) was recorded TK 442.28 million in 2023 & TK 360.27 million in 2022. The Gross Premium Earned to total Sum Insured ratio was 0.19% in 2023 and 0.26% in 2022, while NPR to Premium Earned ratio was 64.11% in 2023 against 57.31% in 2022.

9

**3.6.5** Underwriting Income to NPR ratio was 16.39% in 2023 & 20.28% in 2022. The loss ratio was recorded 4.09% in 2023 & 1.36% in 2022 representing notable increase in net claim expense compared to net premium revenue. The underwriting profit has been recorded TK 72.49 million in 2023 & TK 73.05 million in 2022.

**3.6.6** The management & administrative expenses as a percentage of NPR was 77.63% in 2023 & 82.22% in 2022. Again, the net commission as a percentage of NPR was 6.82% in 2023 & 2.10% in 2022. Finally, the expenses ratio of the concern which is the summation of management & administrative expenses as a percentage of NPR & the net commission as a percentage of NPR was 84.45% in 2023 & 84.32% in 2022. Moreover, the combined ratio was 88.54% in 2023 & 85.68% in 2022.

**3.6.7** Total investment made by the company was TK 180.99 million in 2023 & TK 168.14 million in 2022. The cost price of the investment in listed securities stood at TK 130.33 million in 2023. The market value was recorded TK 105.31 million as on 31<sup>st</sup> December 2023.

#### 4.0 FINANCIAL RISKS

**4.1** TIPLC has reinsurance arrangement with State owned Sadharan Bima Corporation (SBC). A synopsis of claim settlement of the company is detailed below:

Claim Settlement in Number						
Fire Business						
Year	Nos. of Opening Claim	Nos. of New Claim	Nos. of total Claim	Nos. of Claim Settled	Nos. of Claim Repudiate/Closed	Nos. of Claim Outstanding
2023	17	30	47	23	04	20
2022	23	19	42	25	00	17
Marine Cargo & Hull Business						
2023	22	28	50	18	00	32
2022	28	30	58	36	00	22
Motor Business						
2023	15	53	68	50	00	18
2022	10	53	63	48	00	15
Misc. Business						
2023	01	02	03	00	01	02
2022	00	04	04	03	00	01

**4.2** The segment wise claim settlement in amount is shown below:

Claim Settlement in Amount (BDT in Million)						
Fire Business						
Year	Opening Claim	New Claim	Total Claim	Claim Settled	Claim Repudiate	Claim Outstanding
2023	229.21	6.76	235.97	123.39	--	110.68
2022	231.54	57.84	289.38	60.17	--	229.21
Marine Cargo & Hull Business						
2023	17.65	9.10	26.75	8.99	--	9.49
2022	45.88	2.69	48.57	30.92	--	17.65
Motor Business						
2023	0.82	4.33	5.14	4.16	--	0.98
2022	0.68	2.13	2.81	1.99	--	0.82
Misc. Business						
2023	0.25	0.73	0.98	--	--	0.25
2022	--	0.45	0.45	0.20	--	0.25

**4.2.1** The liquid assets to NPR ratio was 2.00 times in 2023 & 2.46 times in 2022 and the liquid assets to net claim expenses was 48.86 times in 2023 & 181.14 times in 2022. However, the current ratio stood at 0.68 times in 2022 & 0.31 times in 2021 which indicates lower amount of insurance related assets compared to the insurance related obligations.

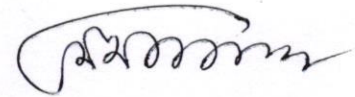
**4.2.2** The total equity has been recorded to TK 816.88 million as on December 31, 2023, TK 805.77 million as on December 31, 2022 and TK 815.45 million as on December 31, 2021. Besides, the financial base enhanced to TK 1,016.69 million in 2023 from TK 949.04 million in 2022 as the equity base and underwriting provision improved notably.

**4.2.3** The Premium Solvency Ratio recorded to 163.77% in 2023 & 225.14% in 2022. Moreover, the Reserve solvency ratio was 2.38% in 2023 & 2.42% in 2022. Although, the outstanding claims increased, the reserve solvency ratio has decreased. It was the effect of increased equity capital which was more than the outstanding claim increased. Underwriting income against the financial base has been undergoing through a fluctuating trend over the last three years with 7.38% in 2023 & 7.65% in 2022. Both the ROA & ROE were recorded 8.96% & 13.98% respectively in 2023 against 9.79% & 15.03% in 2022 respectively.

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National Credit Ratings Ltd

**APPENDIX- I: RATING HISTORY**

INITIAL ENTITY RATING – 2024	
Date of Rating Declaration	Long Term
19.02.2024	AA+ (Double A Plus)

**APPENDIX- II: RATING SCALE**

<i>Long Term Rating Scale and Definitions</i>	
Rating Notches	Definition
AAA	Strongest Credit Quality
AA+	Below Strongest Credit Quality
AA	Very Strong Credit Quality
AA-	Below Very Strong Credit Quality
A+	Very Good Credit Quality
A	Above Average Credit Quality
A-	Moderately Good Credit Quality
BBB+	Moderate Credit Quality
BBB	Average Credit Quality
BBB-	Below Average Credit Quality
BB+	Moderately Below Average Credit Quality
BB	Slightly Below Average Credit Quality
BB-	Less Than Average Credit Quality
B+	Significantly Below Average Credit Quality
B	Weak Credit Quality
B-	Very Weak Credit Quality
C	Poor Credit Quality
D	Default (Failed to meet their rated financial commitment on time or when due)

<i>Short Term Rating Scale and Definitions</i>	
Rating Notches	Definition
ST-1	Strongest Ability to Meet Short Term Financial Commitments
ST-2	Above Average Ability to Meet Short Term Financial Commitments
ST-3	Average Ability to Meet Short Term Financial Commitments
ST-4	Below Average Ability to Meet Short Term Financial Commitments
ST-5	Well Below Average Ability to Meet Short Term Financial Commitments
ST-6	Default (Failed to meet their short-term financial commitments)