

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

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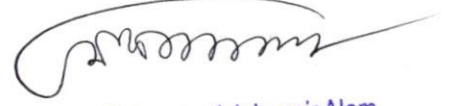
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**[FORM-IX]
[Rule 10(8) A(g)]**

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

EXECUTIVE SUMMARY

INITIAL ENTITY RATINGS OF TAKAFUL ISLAMI INSURANCE LIMITED

Declaration Date	19.02.2024
Long Term Entity Rating	AA+ (Double A Plus)
Short Term Entity Rating	ST-2
Outlook	Stable
Expiry Date	18.02.2025

Performance Highlights:

(TK in Million)

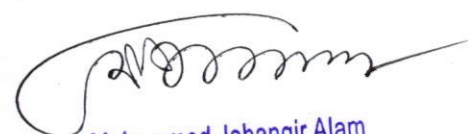
Particulars	2023 (09 months) Jan. to Sept.	2022
Total Assets	1,228.23	1,242.98
Total Investment	179.52	168.14
Paid Up Capital	425.87	425.87
Total Equity Capital	803.06	805.77
Gross Premium Written	556.94	626.23
Net Premium Earned	328.46	360.27
Underwriting Income	47.62	73.05
Profit After Tax	46.98	64.35
Outstanding claim	121.4	248.67
Premium Solvency Ratio (%)	217.85	225.14
Loss Ratio (%)	3.29	1.36
Current Ratio (X)	0.17	0.31
ROE (%)	8.33	15.03
ROA (%)	5.43	9.79

Strengths

- 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
- Increased investment income
- Satisfactory IT infrastructure
- Regular payment of cash dividend (12% in 2022)

Challenges

- Developing innovative ideas and new products
- Raising public faith & awareness
- Increasing market share in a very competitive market structure



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RATING BASIS

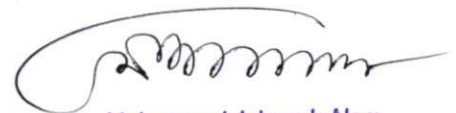
Ratings are based on Financial Statements up to September 30, 2023 along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. NCR has followed Non-life Insurance Rating Methodology of NCR published in our website.

RATING DEFINITION

The above long term entity rating defines **below strongest credit quality**. The above short term entity rating defines **above average** ability to meet short term financial commitments for timely payment of 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 initially assigned the above ratings to **Takaful Islami Insurance Limited** after considering the concern's business performance as well as its market prospect. Satisfactory business profile with diversified products and services, experienced promoters & management committee have been considered & factored positively during the rating process. The concerns significant improvement in claim settlement as per last nine months business performance as well as financial base, satisfactory premium solvency ratio, regular payment of cash dividend (12% in 2022) were also considered by the rating committee members while assigning the above rating. Moreover, reinsurance arrangement with renowned reinsurers, total sum insured and best possible reserve for exceptional losses have also been considered duly while assigning the ratings.

Further, satisfactory gross premium written & net premium earned, amount of liquid assets compared to liquid liabilities & NPR as well as decrease of outstanding claim in last nine months business performance also considered by the rating committee members. 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, TIIL'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.

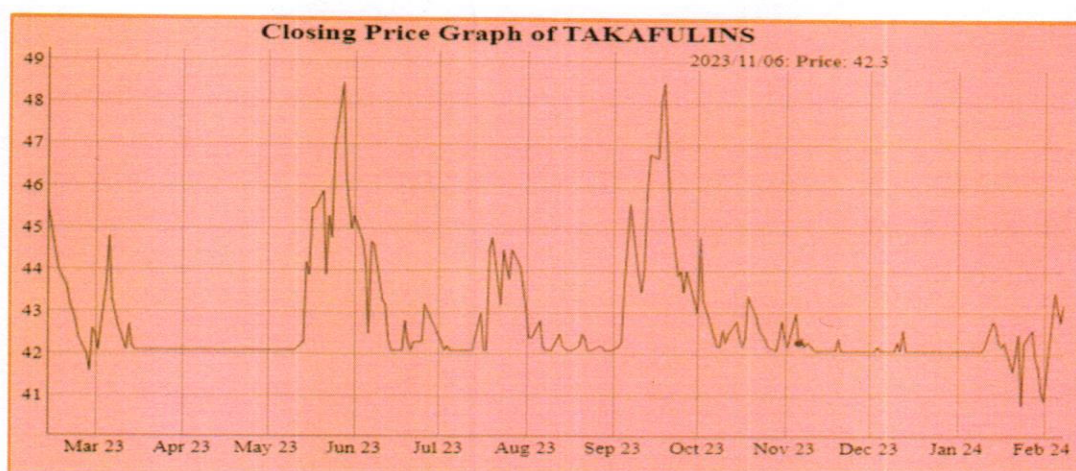
RATING OUTLOOK

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.

1.0 BUSINESS OVERVIEW

1.1 Takaful Islami Insurance Limited (hereinafter referred as 'TIIL' 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.

1.2 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 12% cash dividend for the year ended on December 31, 2022. The 23rd Annual General Meeting held on 17th June, 2023. The EPS of the company has been reported to TK 1.49 in 2022 against TK 2.25 in 2021. The following graph reveals the trading history of 'TIIL's stock closing price over the period of last twelve months at DSE:



1.3 TIIL is operating with 51 branches all over the country. The Registered Office of TIIL is located at Monir Tower (7th, 8th & 9th Floor), 167/1, DIT Extension Road, Motijheel (Fakirapool), Dhaka.

1.4 PRODUCT AND SERVICE:

Non-life Insurance Schemes	
Fire	Marine
<ul style="list-style-type: none"> Standard fire policy Fire package Industrial all risks 	<ul style="list-style-type: none"> Marine cargo insurance Marine hull insurance
Engineering	Motor
<ul style="list-style-type: none"> Contractor all risks insurance (CAR) Erection all risks insurance (EAR) Machinery breakdown insurance (MBD) Deterioration of stock insurance (DOS) Boiler & pressure vessel insurance (BPV) Contractor's plant & machinery insurance (CPM) 	<ul style="list-style-type: none"> Comprehensive insurance Act liability insurance
Miscellaneous	
<ul style="list-style-type: none"> Burglary insurance (BUG) Cash-in-safe insurance (CIS) Cash-in-transit insurance (CIT) Workmen's compensation insurance (WP) 	<ul style="list-style-type: none"> Cash-on-counter insurance (COC) Personal accident insurance (PA) Peoples personal accident insurance (PPA)

1.5 The company is providing services through 51 branches all over the country. The details of the Branches are provided below:

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

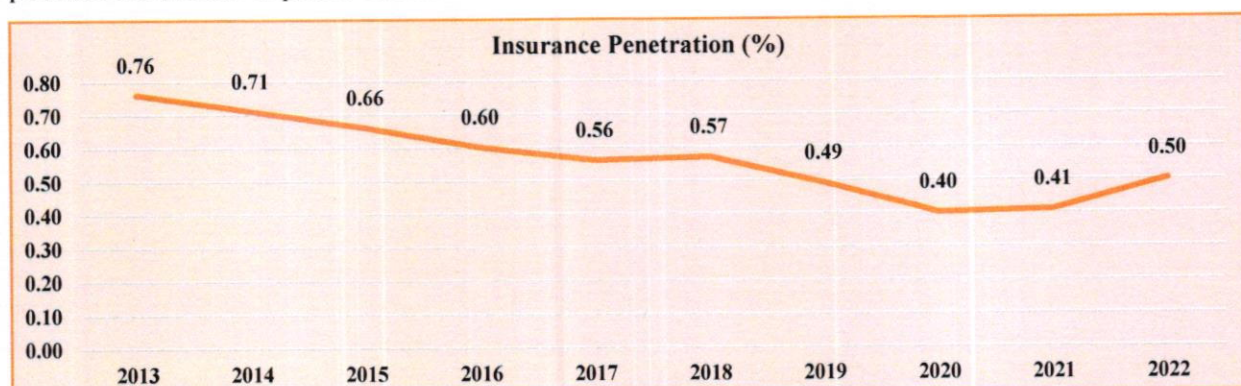
2.0 INDUSTRY OVERVIEW

2.1 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 81 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 (2022)	0.50%
Global Insurance Penetration Rate (2022)	6.80%
Insurance Density (2022)	USD 12.00
Global Insurance Density (2022)	USD 853.00
Gross Premium (GP) (Life) (2022)	BDT 114.02 billion
Gross Premium (GP) (Non-Life) (2022)	BDT 54.13 billion
Market Share of Life Insurance based on GP (2022)	67.81%
Market Share of Non-Life Insurance based on GP (2022)	32.19%
Number of Life Insurance Policies (2022)	7.81 million
Claim Settlement Ratio (Life) (2022)	66.97%
Claim Settlement Ratio (Non-Life) (2022)	33.44%
Human Resources	36,670
Top 05 Life Insurance Companies	Met Life, National Life, Delta Life, Fareast Islamic Life, JBC
Top 05 Non-Life Insurance Companies	SBC, Green Delta, Reliance, Pioneer, Pragati

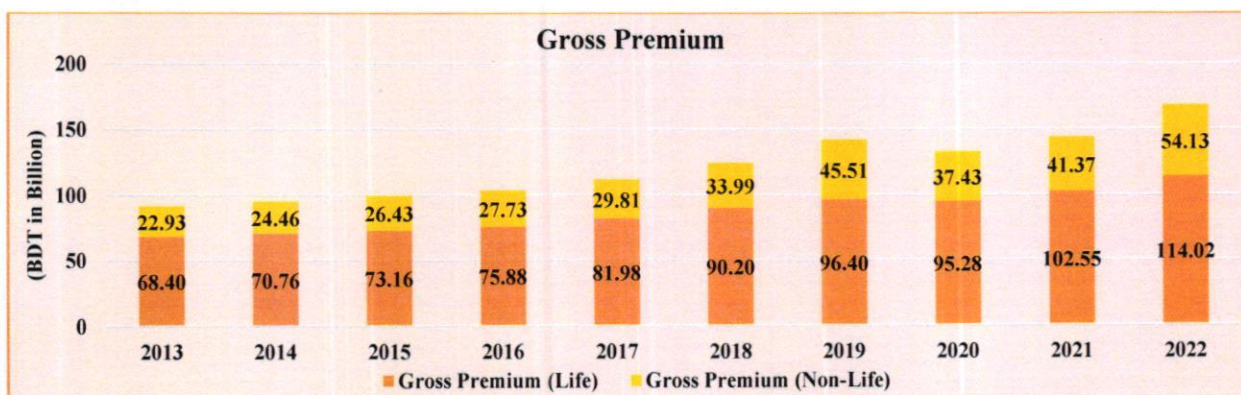
Source: Insurance Development and Regulatory Authority (IDRA); Swiss Re Institute (Sigma Report); Financial Stability Report 2022, Bangladesh Bank

2.2 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. According to the Sigma Report by Swiss Re Institute, insurance penetration rate of Bangladesh was 0.50% in 2022 against 0.41% in 2021 and 0.40% in 2020. Trend historical insurance penetration rates are depicted below:



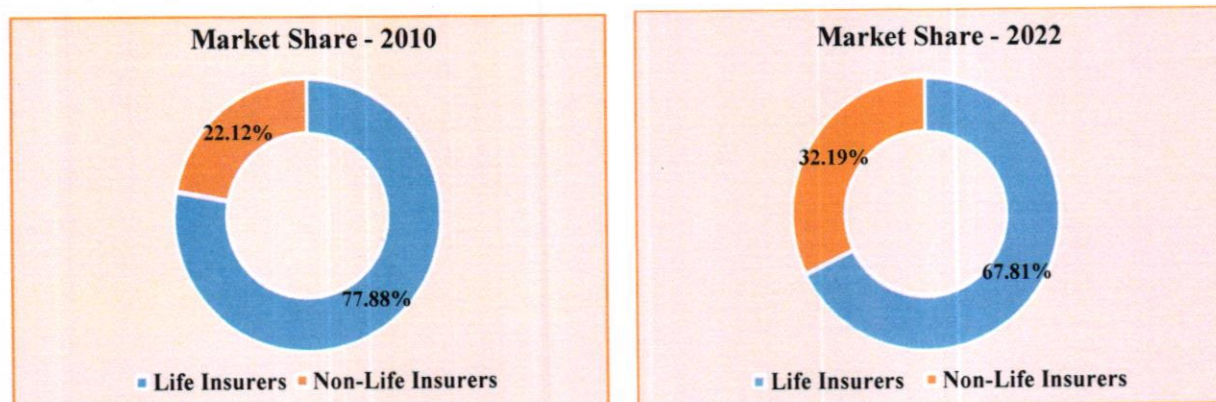
Source: Insurance Development and Regulatory Authority (IDRA), Swiss Re Institute (Sigma Report)

2.3 Insurance penetration rate in Bangladesh has been experiencing a declining trend over the last ten years. Global insurance penetration rate is 6.80 percent while our insurance penetration rate is far below 1 percent. Insurance density is also very poor in our country at USD 12.00 against world average of USD 853.00



Source: Insurance Development and Regulatory Authority (IDRA); Financial Stability Report 2022, Bangladesh Bank

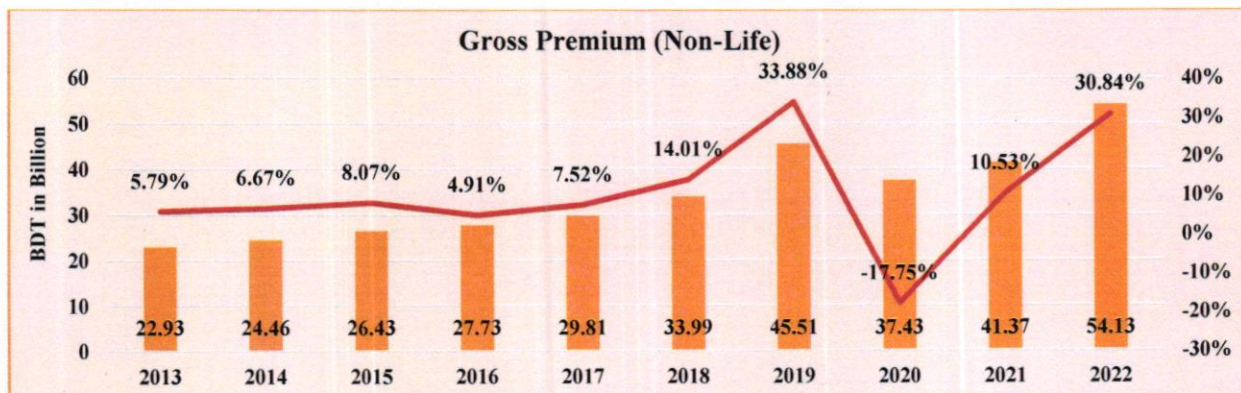
2.4 Collection of gross premium has an increasing trend over the years. Gross premium collection fell in 2020 due to the Covid-19 pandemic but started increasing the following year. Gross premium collection of non-life insurers experienced a greater growth compared to life insurers. Insurance companies are broadly categorized as life insurers and non-life insurers. Life insurance companies occupies 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.



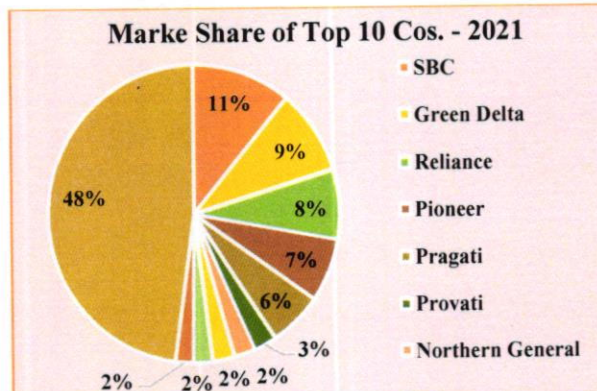
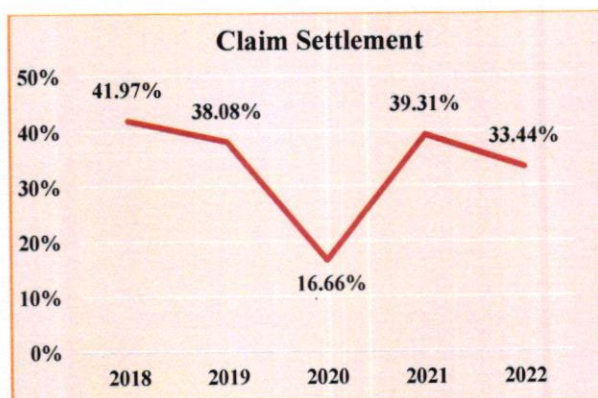
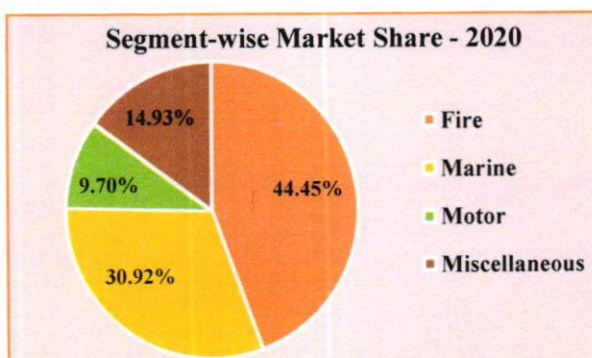
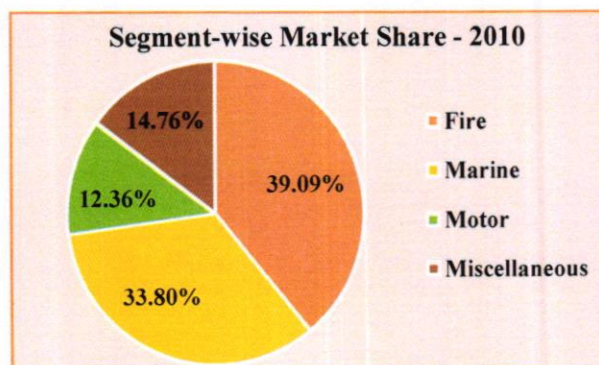
Source: Insurance Development and Regulatory Authority (IDRA); Financial Stability Report 2022, Bangladesh Bank

NON-LIFE INSURANCE SECTOR AT A GLANCE

2.5 Non-life insurers occupy lesser market share of Bangladesh insurance industry compared to the life insurers. Currently the sector represents one-third of the industry. However, the sector is growing and grabbing more market. As a result, market share of non-life insurers in terms of gross premium collection jumped to 32.19 percent in 2022 from 22.12 percent in 2010. In last ten years, gross premium collection of the sector experienced a CAGR of 8.97 percent and reached to all-time high in 2022. 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. The claim settlement ratio is only around 40 percent on an average but the ratio for last three years is below the average. Brief overview of life insurance sector is depicted below:



Source: Insurance Development and Regulatory Authority (IDRA); Financial Stability Report 2022, Bangladesh Bank



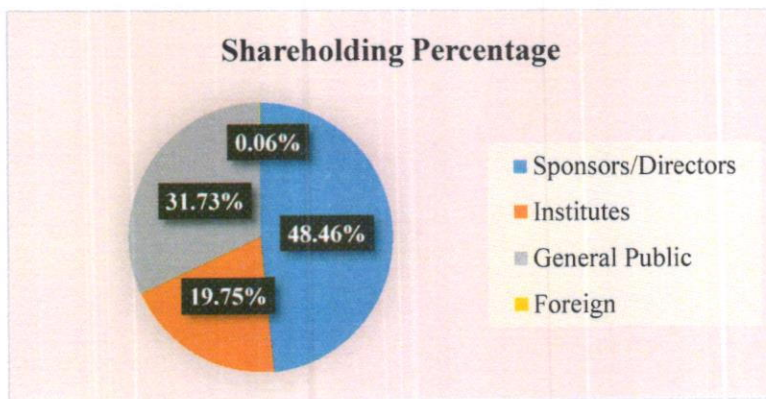
Source: Insurance Development and Regulatory Authority (IDRA); Financial Stability Report 2022, Bangladesh Bank

2.6 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 35th largest economy in the world but it stood 60th 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 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 48.46% are held by the Sponsors/Directors, while different institutes hold 19.75% of the total shares, Foreign holds 0.06% and 31.73% shares are held by the General Public as on December 31, 2023. The following graph portrays the shareholding structure of the company as on December 31, 2023:



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	12,77,594	3.00%
04	Mr. Md. Abul Hashem	Sponsor Shareholder Director	8,51,744	2.00%
05	Mr. Abul Hashem	Sponsor Shareholder Director	12,77,594	3.00%
06	Mr. Md. Moshir Rahman Chamak	Sponsor Shareholder Director	8,60,000	2.02%
07	Mrs. Shahanaz Parvin	Sponsor Shareholder Director	15,32,587	3.60%
08	Mr. Md. Iqbal Hossain, Rep. of Eastern Diagnostic H & OPMS	Sponsor Shareholder Director	15,26,807	3.59%
09	Mr. Redwan Kabir	Sponsor Shareholder Director	8,52,000	2.00%
10	Mr. Md Riazu Haider, Rep. of Hazi Shakhawat Anwara Eye Hospital.	Sponsor Shareholder Director	13,65,448	3.21%
11	Engr. Khondaker Mesbauddin Ahmed Rep. of The Eventus	Sponsor Shareholder Director	8,52,000	2.00%
12	Mr. Md Saiful Islam, Rep. of Modern Diagnostic Center Ltd.	Public Shareholder Director	8,52,011	2.00%
13	Mr. Khorshed Alam Khan	Public Shareholder Director	8,52,028	2.00%
14	Mr. Md. Jahirul Islam	Public Shareholder Director	35,97,035	8.45%
15	Mr. Mahmud Ali Khan, Rep. of	Public Shareholder	11,25,720	2.64%

	Daffodils Sign Media.	Director		
16	Mr. Md. Zia Uddin Podhar	Public Shareholder Director	9,50,514	2.23%
17	Mr. Md. Mofiz Uddin	Sponsor Shareholder	10,07,000	2.36%
18	Mr. Anwer Hossain Khan MP	Sponsor Shareholder	8,86,355	2.08%
19	Engr. Khondaker Mesbauddin Ahmed	Sponsor Shareholder	4,25,594	1.00%
20	Mrs. Farzana Rahman	Sponsor Shareholder	12,77,594	3.00%
21	Mrs. Nasreen Hoque	Sponsor Shareholder	8,97,367	2.11%
22	Mr. Anwar Hossain Chowdhury	Sponsor Shareholder	8,51,834	2.00%
23	Mr. Tofazzal Hossain	Sponsor Shareholder	5,67,819	1.33%
24	Mr. Md Mahedi Hasan	Independent Director	-	-
25	Mr. A.B.M Kaikobad	Independent Director	-	-
26	Mr. Md Jahirul Islam	Independent Director	-	-
27	Mr. Md Azizul Hossain Baten	Independent Director	-	-
		Total	2,55,42,454	59.98%

3.2 CORPORATE GOVERNANCE

3.2.1 The Board of Directors of the company is comprised of 20 (twenty) members. During the year 2023, 08 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. Mahedi Hasan	Chairman, Audit Committee (I.D)	CA (CC), MBA (HRM)	10 Years
06	Mr. Md. Azizul Hossain	Chairman, NRC (I.D)	M.Com (Management), MBA (Marketing)	17 Years
07	Mr. Md. Abul Hashem	Sponsor Shareholder Director	Graduation	50 Years
08	Engr. Khondaker Mesbauddin Ahmed Rep. of The Eventus	Sponsor Shareholder Director	M.Sc. (Engr.)	60 Years
09	Mr. Abul Hashem	Sponsor Shareholder Director	BBM	21 Years
10	Mr. Md. Iqbal Hossain (Rep. of Eastern Diagnostic H & OPMS)	Sponsor Shareholder Director	H.S.C	06 Years
11	Mr. Md. Moshir Rahman Chamak	Sponsor Shareholder Director	MBA (Finance), BBA (Marketing)	12 Years
12	Mrs. Shahanaz Parveen	Sponsor Shareholder Director	B.A	07 Years

13	Mr. Redwan Kabir	Sponsor Shareholder Director	Masters of Business Analytics (York University, Canada), B.Com. (Hons.)	03 Years
14	Mr. Md. Riazul Haider Representative of Hazi Shakhawat Anwara Eye Hospital Ltd.	Sponsor Shareholder Director	Diploma Engineering (Computer)	04 Years
15	Mr. Md. Saiful Islam (Rep. of Modern Diagnostic Center Ltd.)	Public Shareholder Director	Masters	03 Years
16	Mr. Jahirul Islam	Public Shareholder Director	Graduation	20 Years
17	Mr. Md. Zia Uddin Podhar	Public Shareholder Director	B.Com.	21 Years
18	Mr. Mahmud Ali Khan (Rep. of Daffodils Sign Media)	Public Shareholder Director	H.S.C.	30 Years
19	Mr. A.B.M Kaikobad	Independent Director	Masters in International Trade & Investment (MITB), PGDPM (Personnel Management), MBA (HRM), M.Com (Accounting)	18 Years
20	Mr. Md. Jahirul Islam (Sumon)	Independent Director	B.S.S.	05 Years

3.2.2 The board has six committees, i.e. Audit Committee (composed of 06 members), Nomination & Remuneration Committee (composed of 07 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 6 (six) members Audit Committee of Takaful Islami Insurance Limited 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	<p>The 7 (seven) members Nomination and Remuneration Committee of Takaful Islami Insurance Limited was constituted by the Board of Directors.</p> <p>Responsibilities of NRC -</p> <ul style="list-style-type: none"> Relationship of remuneration to performance is clear and meets appropriate performance benchmarks. 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. Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality. 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.

		<ul style="list-style-type: none"> Formulating criteria for evaluation of performance of independent directors and the Board. Identifying company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria. Developing recommending and reviewing annually the company's human resources and training policies.
3.	Investment Committee	The 5 (five) members Executive Committee of Takaful Islami Insurance Limited 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 Limited 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 6 (six) members Policyholder Protection and Compliance Committee of Takaful Islami Insurance Limited 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 Limited 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	08
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 Couse (Knowledge level) from ICAB	12 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 review, 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 180 desk employees and 662 Marketing Officer working in Branch Office as on January 31, 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. TIIL 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:**3.5.2** 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

3.5.3 CLAIMS**3.5.3.1** 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	--

3.5.4 INFORMATION TECHNOLOGY:

TIIL 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.

3.5.5 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.	Name of Customer	Gross Premium (Tk. in Million)	SL.	Name of Customer	Gross Premium (Tk. in Million)
01	United Sulpho Chemicals	7.96	06	Virgo Limited	6.60
02	Mymensingh Power Plant	13.28	07	Fakir Fashions	5.25
03	Asia Composite	9.36	08	Fakir Knitwear	3.63
04	Fariah Spinning	4.21	09	Ibn Sina	28.85
05	Sarker Traders	12.76	10	Frame Apparels	14.26

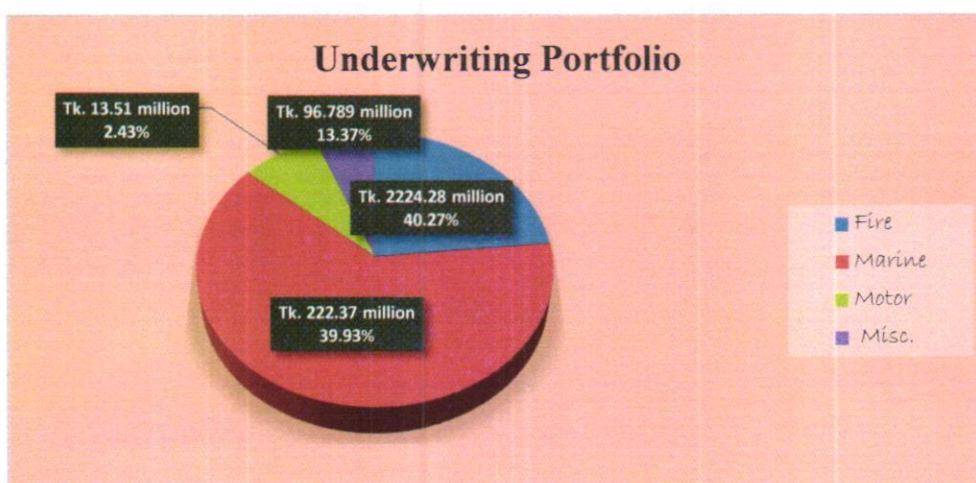
3.6 QUANTITATIVE ANALYSIS:

3.6.1 TIIL 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 2022 and 2023 are detailed below:

Business Class	2022 (TK)		2023 (TK)	
	Sum Insured	Re-insurance Coverage	Sum Insured	Re-insurance Coverage
Fire	119,141,673,341.00	109,352,207,827.00	111,703,934,133.00	108,472,005,081.00
Marine (Cargo)	57,991,822,600.00	18,286,889,143.00	63,964,559,960.00	19,189,367,988.00
Marine (Hull)	15,500,000.00	15,500,000.00	18,380,000.00	14,860,000.00
Motor	1,287,003,948.00	71,763,526.00	1,097,546,023.00	38,958,822.00
Miscellaneous	65,735,764,402.00	10,731,928,308.00	72,976,556,555.00	10,305,630,002.00
Total	244,171,764,291.00	138,458,288,804.00	249,760,976,671.00	138,020,821,893.00

3.6.2 The financial analysis of the concern are based on Audited Financial Statements up to June 30, 2022 & nine months Un-Audited financial statements as on September 30, 2023.

3.6.3 The Gross Premium Written (GPW) was recorded to TK 556.94 million in 2023 & TK 626.23 million in 2022 and TK 610.99 million in 2021, which is resulted a growth of (11.06%) in 2023, 2.49% in 2022. The underwriting portfolio was comprised of 40.27% fire insurance in 2023 (39.79% in 2022), 39.93% marine in 2023 (41.44% in 2022) and 2.43% motor in 2023 (3.43% in 2022) & 17.37% miscellaneous in 2023 (15.34% in 2022).



3.6.4 The Net Premium of the company has recorded TK 368.63 million in 2023 & TK 357.89 million in 2022, while the Gross Premium was TK 556.94 million in 2023 and 626.23 million in 2022. Class wise gross premium and net premium during 2023 (September) and 2022 are detailed below:

Business class	Gross Premium	Net Premium	Gross Premium	Net Premium
	2023-September (TK in Million)		2022 (TK in Million)	
Fire	224.28	139.47	249.17	102.86
Marine (Cargo)	213.67	165.31	256.75	198.27
Marine (Hull)	8.69	0.29	2.74	0.19
Motor	13.51	11.98	21.47	18.77
Miscellaneous	96.78	51.57	96.09	37.80
Total	556.94	368.63	626.23	357.89

3.6.5 The Net Premium Revenue (NPR) was recorded TK 328.46 million in 2023 & TK 360.27 million in 2022. The Gross Premium Earned to total Sum Insured ratio was 0.21% in 2023 and 0.26% in 2022, while NPR to Premium Earned ratio was 63.56% in 2023 against 57.31% in 2022.

3.6.6 Underwriting Income to NPR ratio was 14.50% in 2023 & 20.28% in 2022. The loss ratio was recorded 3.29% 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 47.62 million in 2023 & TK 73.05 million in 2022.

3.6.7 The management & administrative expenses as a percentage of NPR was 80.02% in 2023 & 82.22% in 2022. Again, the net commission as a percentage of NPR was 6.36% 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 86.38% in 2023 & 84.32% in 2022. Moreover, the combined ratio was 89.67% in 2023 & 85.68% in 2022.

3.6.8 Total investment made by the company was TK 179.52 million in 2023 & TK 168.14 million in 2022. The cost price of the investment in listed securities stood at TK 129.63 million in 2023. The market value was recorded TK 102.91 million as on 31st December 2022.

4 FINANCIAL RISKS

4.1 TIIL has reinsurance arrangement with State owned Sadharan Bima Corporation (SBC). A synopsis of the claims that have been settled since 2019 are detailed below:

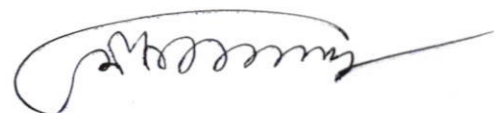
Year	No. of Claim Lodged	Total Claim Lodged (TK in Million)	Claim Settled (TK in Million)		Total Claim paid during the year (TK in Million)	Total Claim Outstanding (TK in Million)
			Lodged in Current Year	Lodged in Previous Year		
2019	175	144.52	56	67	54.29	90.23
2020	145	275.02	50	44	41.07	233.95
2021	197	301.56	86	49	23.46	278.10
2022	167	341.20	54	50	93.28	248.67
2023	167	269.42	57	36	142.58	121.40

4.2 The segment wise claim settlement detail of the company is shown below:

Year	2023			2022		
Class	No. of Claim Arise	No. of Claim Paid	Total Claim Paid (TK in million)	No. of Claim Arise	No. of Claim Paid	Total Claim Paid (TK in million)
Fire	30	22	123.39	19	35	60.17
Marine (Cargo)	28	18	15.00	31	22	30.92
Marine (Hull)	--	--	--	--	--	--
Motor	53	53	4.18	53	46	1.99
Miscellaneous	01	00	00	04	01	0.20
Total	112	93	142.57	107	104	93.28

4.2.1 The liquid assets to NPR ratio was 2.59 times in 2023 & 2.46 times in 2022 and the liquid assets to net claim expenses was 78.90 times in 2023 & 181.14 times in 2022. However, the current ratio stood at 0.17 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 803.06 million as on September 30, 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 986.51 million in 2023 from TK 949.04 million in 2022 as the equity base and underwriting provision improved notably. The Premium Solvency Ratio recorded to 217.85% in 2023 & 225.14% in 2022. Moreover, the Reserve solvency ratio was 2.53% in 2023 & 2.42% in 2022 due to a slight increase in Provision for Outstanding Claims which was recorded TK 20.31 million in 2023 & TK 19.46 million in 2022. Underwriting income against the financial base has been undergoing through a fluctuating trend over the last three years with 4.92% in 2023 & 7.65% in 2022. Both the ROA & ROE were recorded 5.43% & 8.33% respectively in 2023 & 9.79% & 15.03% respectively in 2022.

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National Credit Ratings Ltd.

APPENDIX- I: RATING SCALE

Long Term Rating Scale and Definitions	
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)

Short Term Rating Scale and Definitions	
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)