

AlphaRating

Asia Insurance Limited

(Rupayan Trade Centre (14th Floor), 114-115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000)

(Non-Life Insurance)

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22 December, 2021

Managing Director
Asia Insurance Limited
Rupayan Trade Centre (14th Floor), 114-115, Kazi Nazrul Islam Avenue,
Bangla Motor, Dhaka-1000

Subject: Credit Rating of Asia Insurance Limited.

Dear Sir,

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

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
22 December, 2021	21 December, 2022	Surveillance	AA+	ST-1	Stable

The long term & short term rating is valid up to the earlier of 21 December, 2022. 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 **Asia Insurance Limited**, hereby solemnly declare that:

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

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

With Kind Regards,



Riyadh M. Hossain MBA (USA)
Chief Risk Officer

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

Business Risk
HighLiquidity
GoodProfitability
GoodSolvency Score
GoodCapital Adequacy
ExcellentSector
Non-life

Rationale

Previous Rating

Long Term Rating: AA+
Short Term Rating: ST-1
Outlook: Stable
Date of Declaration: 22 December, 2020
Valid Till: 21 December, 2021

Contact Analysts

Gobinda Roy
gobindaprasad.roy@alpharating.com.bd

Tanmoy Saha
tanmoy@alpharating.com.bd

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Date of Incorporation:

30 April, 2000

DSE & CSE Listing:

25 June, 2009

Board Chairman:

Yussuf Abdullah Harun FCA, MP

Managing Director & CEO:

Md. Imam Shaheen

Total Asset:

BDT 2,032.95 million (As on 31st December, 2020)

Authorized Capital:

BDT 1,000.00 million

Paid up Capital:

BDT 470.70 million

AlphaRating affirms long term rating "AA+" (pronounced as "Double A Plus") and short term rating "ST-1" on claim paying ability (CPA) of Asia Insurance Limited (Hereinafter referred to as 'AIL' or 'the company'). The rating is based on audited financial statement of 31st December, FY 2018 to FY 2020 and other qualitative factors. While assigning the rating AlphaRating has considered both favorable and unfavorable movement in overall performance of the company. The rating continues to draw comfort from established position in the market, growing assets base, experienced management team, long track record of the promoters in the insurance industry along with its smart investment portfolio.

The assigned rating is also supported by improved gross & net premium, increased underwriting profit, good claim settlement period within 40 days, good expense management which has led to positive gap between allowable and actual expenses, less than 100% combined ratio, good solvency margin, adequate paid up capital amidst strong capital structure, improved net profit margin along with ROA & ROE, increase in total investment & investment income, good liquidity position, positive cash flow from operation, 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 yield on investment, underwriting loss from fire & 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.

	2020	2019	2018
ROA (%)	7.95	6.22	5.93
Net Profit margin (%)	24.98	18.48	15.72
ROE (%)	11.32	8.23	7.44
Combined Ratio (x)	95.07	96.71	84.58
Current Ratio (x)	1.85	2.05	2.17
Yield on Investment (%)	6.36	6.78	6.06
Solvency ratio (x)	6.27	6.72	6.63
Gross premium (BDT in million)	702.13	631.90	617.03
Net premium (BDT in million)	441.70	408.69	422.24
Net Claim (BDT in million)	171.16	139.23	116.73
Investment (BDT in million)	1,175.08	974.35	913.20
Underwriting Profit (BDT in million)	85.40	76.73	96.62
Excess of Mgt. Exp. (BDT in million)	(60.46)	(35.30)	(40.66)
Operating Cash Flow (BDT in million)	282.15	127.36	130.66
Fixed Deposit (BDT in million)	870.85	789.77	687.07

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.



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

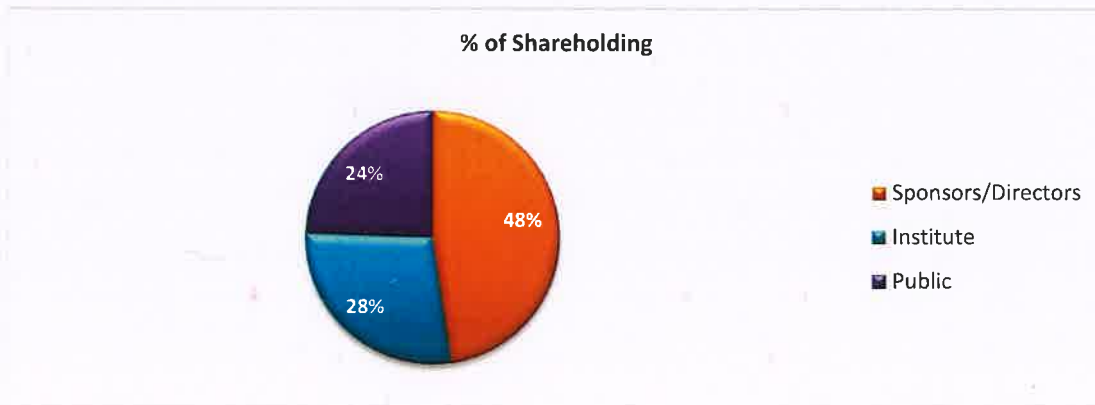
Company Profile

Asia Insurance Limited is a third generation private sector non-life insurer in Bangladesh. The company was incorporated in 30 April, 2000 and obtained registration from the former Chief Controller of Insurance, Government of Bangladesh on 30 May 2000. AIL obtains renewal license from the Insurance Development & Regulatory Authority (IDRA) in 2011. AIL established with a vision to be one of the leading insurance company in the country by providing integrated insurance service in the non-life sector having special track record of prompt customer service and speedy claim settlement. AIL is a public limited company by shares and operating successfully in both Dhaka & Chittagong Stock Exchange. The company carries its insurance activities through head office located at Rupayan Trade Centre (14th Floor), 114-115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000 along with 22 branches under online support spread across the country covering major financial centers i.e. Dhaka, Narayanganj, Narsingdi, Cumilla, Feni, Sylhet, Chattogram, Faridpur, Jashore, Khulna, Mymensingh and Barisal with the assistance of more than 257 employees.

The board of AIL has last issued 5% stock dividend in FY 2013 (5% 2012, 15% 2011, 25% 2010 & 10% 2009) along with 12% cash dividend in FY 2020 (10% 2019, 10% 2018, 10% 2017, 10% 2016, 10% 2015 & 10% 2014) and 01 right share for 01 share in FY 2011. AIL is active member of capital market having BDT 4,546.948 million market capitalization on 08 November, 2021. According to DSE, market share of the company is categorized as "A".

Ownership Pattern

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



Principal Product

In FY 2020, the company continued to offer its products through a mix of distribution channels comprising of agents and direct sales team. The company has presence in 12 districts with 22 branches.

1. Fire Insurance:

1. Fire and Allied Perils Insurance
2. Industrial All Risk Insurance
3. Machinery breakdown and business interruption insurance.
4. Property all risk insurance
5. Power plant operational package insurance
6. Comprehensive machinery insurance

2. Marine Insurance:

1. Marine Cargo Insurance
2. Marine Hull Insurance
3. Goods in Transit Insurance

3. Motor Insurance:

1. Private vehicle insurance
2. Commercial vehicle insurance
3. Motor cycle insurance
4. Motor transit insurance

5. Engineering Insurance

1. Contractors all risks insurance (CAR)
2. Erection all risks insurance (EAR)
3. Boiler & pressure vessels Insurance (BPV)
4. Machinery breakdown insurance (MBD)
5. Deterioration of stock insurance (DOS)
6. Contractors' plant & machinery insurance (CPM)
7. Electronic equipment's insurance (EEI)

6. Miscellaneous Insurance

Financial Category

Money Insurance

1. Cash in transit insurance
2. Cash in safe insurance
3. Cash on counter insurance
4. Cash in ATM risk insurance
5. Bank lockers insurance
6. Fidelity guarantee insurance
7. Bankers' blanket bond insurance

Industrial Category

1. Burglary & house breaking insurance
2. Workmen's compensation insurance
3. Peoples personal accident insurance
4. Public liability insurance
5. Product liability insurance
6. Employers liability insurance

Medical Category

1. Overseas Medi-Claim (B & H) Insurance

Business Category

1. Professional Indemnity Insurance
2. Hotel Owners' All Risk Insurance

General Category

1. Personal Accident Insurance
2. All Risks Insurance



Industry Overview

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

Snapshot of Bangladesh's insurance industry

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

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

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

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

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

Benchmarking Bangladesh's insurance industry

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

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

Need for key insurance products in Bangladesh

Agricultural sector

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

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

Health sector

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

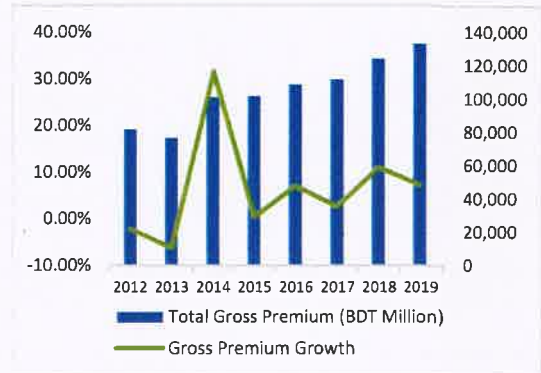
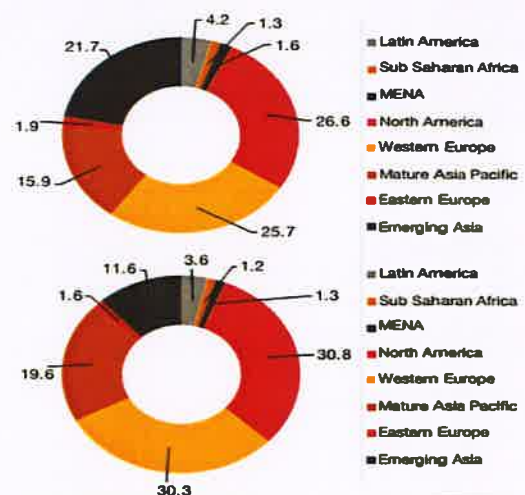
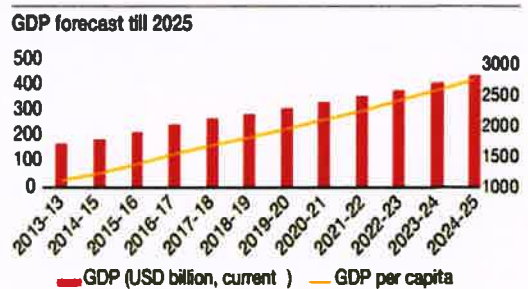


Figure 2: Emerging Asia is projected to capture much of the growth in life insurance premiums



Source: Munich Re (May 2016)

Figure 3: Bangladesh’s economy has seen steady growth



Favorable indicators for insurance sector development

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

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

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

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

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

Bancassurance opportunity

Bancassurance (a partnership between an insurance company and a bank where the bank sells insurance products) presents specific growth opportunities in Bangladesh's insurance sector and can result in mutual benefits for banks, insurers, customers and regulators. Banks usually have the preexisting technological and human resources to provide the best customer services. Thus, it is likely to be more convenient for customers to, for instance, pay premiums and repay cash loans backed by life insurance policies from their banks' ATMs. Customers could also benefit from more customized product suites, including overdraft insurance, depositors' insurance and loan-bundled insurance. Further, decreased costs of insurance for insurers are likely to lower premium rates, making insurance more accessible to customers. Insurers may develop new financial products in collaboration with their bank partners. In Bangladesh, it has been found that customers tend to trust banks more than they trust insurance agents.

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

Conclusion

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

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

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

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



COVID-19 Impact on Insurance Sector

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

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

Fire Insurance

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

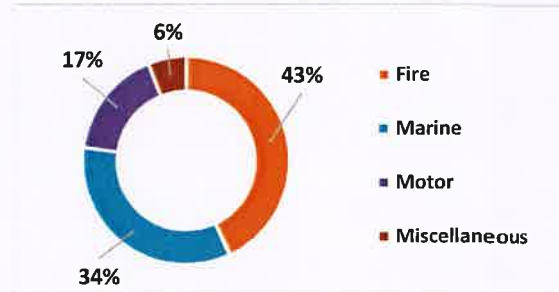
A recent study by Human Rights Watch shows that when orders were cancelled, 72.1% of buyers refused to pay for raw materials already purchased by the supplier, and 91.3% of buyers refused to pay for the "cut-make-trim" cost - or production cost - of the supplier. As a result, 58% of factories surveyed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

Marine Insurance

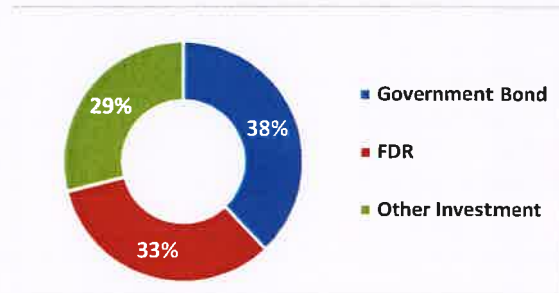
Marine insurance that depends on import cargo accounts for 34.3% of the non-life insurance's total premium a year. Insurance companies' premium income from marine insurance is expected to go down to a new low if this global pandemic countries and world trade continues to slow down.

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

*Figure 4: Premium Income Segment (FY 2019)



*Figure 5: Investment Portfolio Mix (FY 2019)



Motor and Miscellaneous

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

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

Life Insurance Premium

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

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

Investment Income

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

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

Impact on Cost Centers

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

Shock in the distribution channel

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

Forced repatriation of migrant workers

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

Low margin of solvency

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

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

Business Risk Analysis

Business Risk

AIL adopted underwriting guideline to mitigate the business risk. Moreover, underwriting professionals at branch level are given specific Instruction and guidelines from time to time from Head Office regarding underwriting of different types of policies. AIL has decentralized its underwriting functions and delegated powers to employees of its different branches for providing prompt, efficient and effective underwriting services to the prospective clients.

It has been noted that, during FY 2020, among the different classes of businesses AIL has more concentration in fire business represents 44.82% of total gross premium and secondly in marine cargo business represents 31.74% of total gross premium, while marine hull, motor & miscellaneous insurance represents 1.86%, 7.73% & 13.85% of total gross premium. However, it was also noted that, marine cargo, motor & miscellaneous insurance was the most profitable sector for the company during FY 2020. The company should focus on generating more underwriting profit to offset the business risk to some extent.

Internal Control Risk

Internal control facilitates systematic and orderly flow of various operational activities within the organization. To confront operational risk, AIL follows Internal Control and Compliance guidelines which are approved by Company. To ensure that sound monitoring system is placed inside the organization, Audit committee has been formed. The Internal Control & Compliance Department of AIL is staffed with some experienced senior officials rest with the power and duties to train the employees, give direction, minor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances. This department audits the branches as per audit plan which approved by board audit committee and after audit the Department sends the report to the Managing Directors and CEO and respective branches to comply with. When the branches reply, the reports are placed before the Audit Committee.

Operational Risk

Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This operational risk also includes legal risks but not strategic and reputational risks. This can also arise from unexpected losses due to physical catastrophe, technical failure and human error in the operation including fraud, failure of management, internal process errors and unforeseeable external events.

Money Laundering Risk

Money laundering refers to a financial transaction scheme that aims to conceal the identity, source, and destination of illicitly obtained money. To fight with money laundering AIL has framed an appropriate Money Laundering Prevention Policy Guideline so that it could be sufficient to protect the Company from money laundering. Besides that, a Central Compliance Unit (CCU) has been formed at Head Office and a designated person has been nominated to supply any information if required as per Money Laundering Prevention Act 2002 and Money Laundering Prevention circulars. Chief Anti Money Laundering Compliance Officer (CAMALCO) has been designated at Head Office.

Equity Financing Risk

Equity financing risk is defined as loss due to change in market price of equity held by the Company. AIL has significant amount of investment in equity portfolio. To measure, identify and reduce this kind of risk, AIL practicing mark to market valuation of the share investment portfolios which was reflected through the Company's balance sheet as provisions for diminution in value of investment in shares. In FY 2020 the Company has made a fair value adjustment by BDT 54.02 million against total equity investment of BDT 239.74 million.



Reputation Risk

Reputation risk may arise from the possibility that negative publicity regarding the company and its business practices, in the territory or elsewhere through related entities, whether accurate or not, will adversely impact the operations and position of the company. Reputation risk may also arise from an institution, or an affiliate, being domiciled in a jurisdiction where the legal and organizational framework for the regulation and supervision of financial institutions is generally viewed as failing to meet international standards for the protection of consumers of financial services and for the prevention of sheltering the proceeds of organized crime. Reputation risks are very difficult to measure but significantly important to manage since many new companies have created the market more competitive ever before.

Liquidity Risk

Liquidity risk is the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs, thus sale of illiquid assets will yield less than their fair value. This also arises when the cushion provided by the liquid assets are not sufficient enough to meet maturing obligations. Liquidity risk is often triggered by the consequences of other financial risks such as credit risk, interest rate risk, etc. FDR base of the company has been increased to BDT 870.86 million in FY 2020 from BDT 789.77 million in FY 2019.

Regulatory Risk

The increasing intensity of regulatory requirements poses a significant role in the development of 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. For enhancing the solvency position, paid up capital for non-life & life insurance companies have been raised to BDT 400.00 million & 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.

Catastrophic Risk Management

Bangladesh is vulnerable to natural disaster which exposes AIL to catastrophic risk. The company has CAT excess of loss treaty with SBC to protect the risk in fire business from which it can cover loss of BDT 7.00 million in excess of BDT 3.00 million. AIL, however, did not encounter any catastrophic loss in FY 2020 and FY 2019.

Financial Risk Analysis

Underwriting Process & Quality

Revenue from underwriting is the prime source of income of AIL. The company has its separated underwriting department which is responsible for evaluation of risk associated with the clients and thereby making decision whether to accept the risk or not. During FY 2020, gross premium of the company has increased to BDT 702.13 million compared to BDT 631.90 million in FY 2019. At the same time, net premium has increased to BDT 441.70 million in FY 2020 compared to BDT 408.69 million in FY 2019. Moreover, total underwriting profit has increased to BDT 85.40 million in FY 2020 compared to BDT 76.73 million in FY 2019.

Selected Indicators

(Without considering commission on reinsurance ceded)

	Year Ended Dec. 31		
	2020	2019	2018
Loss ratio (%)	38.75	34.07	27.65
Expense ratio (%)	56.32	62.64	56.93
Combined ratio (%)	95.07	96.71	84.58

Underwriting performance is measured by combined ratio which consists of loss & expense ratio. Combined ratio less than 100% reflects an underwriting profit. It has been observed that, both Loss ratio of AIL has increased in FY 2020 and reported 38.75% & expense ratio of the company has decreased & stood at 56.32%. Analysis revealed that, these ratios have positively impacted by higher increase in net premium compared to net claim during the year. Consequently, combined ratio was reported 95.07% which is lower than 100% threshold representing an underwriting profit in the relevant year.

Selected Indicators

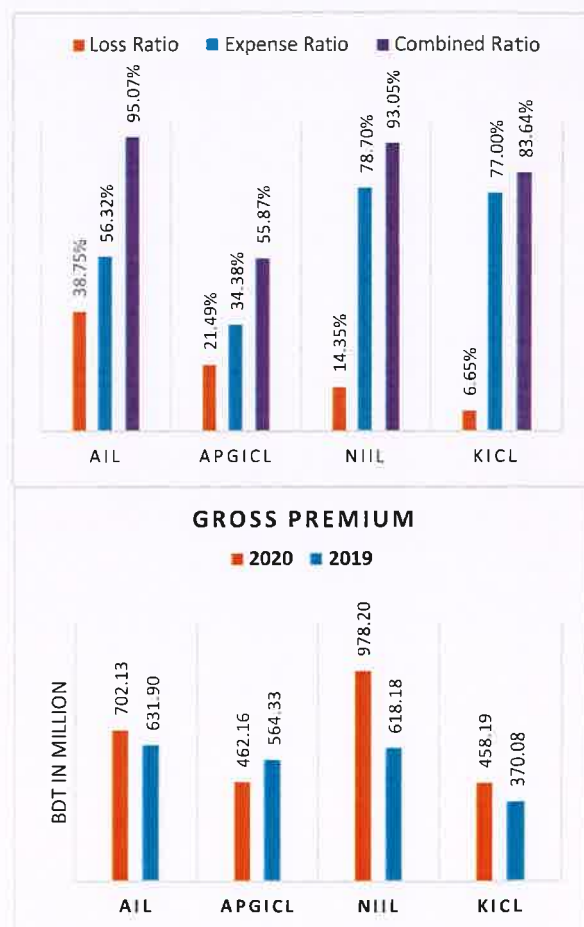
(After considering commission on reinsurance ceded)

	Year Ended Dec. 31		
	2020	2019	2018
Loss ratio (%)	33.60	30.30	24.77
Expense ratio (%)	48.83	55.71	51.01
Combined ratio (%)	82.43	86.01	75.78

However, if we consider loss & expense ratio including reinsurance ceded, overall performance of the company shows much better performance and combined ratio becomes well below than 100%.

Peer Comparison

Peer group analysis is a logical method to compare financial performance of a company with their competitors. AlphaRating has considered this while analyzing the underwriting performance of AIL with other private sector company. In FY 2020, it is noticed that the performance of AIL is in line with the performance of peer in term of expense ratio but loss & combined ratio seems high compared to other peer. Moreover, while analyzing the gross premium of AIL, it has been observed that the growth of gross premium for AIL was 11.11%, which is lower compared to other peer except APGICL.



AIL= Asia Insurance Limited

APGICL =Asia Pacific General Insurance Company Limited

NIIL= Northern Islami Insurance Limited

KICL= Karnaphuli Insurance Company Limited

Management Expense

Selected Indicators

	Year Ended Dec. 31		
	2020	2019	2018
BDT in millions			
Actual management expense	248.75	256.01	240.39
Allowable management expense	309.22	291.31	281.05
Excess management expense	(60.46)	(35.30)	(40.66)
Actual mgt. exp. as % of allowable exp.	80.44	87.88	85.53

As per Insurance Act 2010, non-life insurance companies are required to calculate the allowable management expenses as per the given guideline and maintain its actual management expenses within the limit. It has been noticed that, AIL was able to keep the actual management expense within the allowable limit. As per given guideline AIL's allowable management expense was BDT 309.22 million whereas total actual management expense was BDT 248.75 million in FY 2020, which has resulted in spare allowable management expense of BDT 60.46 million. AIL has incurred almost 80.44% of its allowable management expense during FY 2020.

According to IDRA, agency commission must be within 15% of its gross premium of all classes of insurance. AIL incurred BDT 93.87 million as agency commission in FY 2020 against the gross premium of BDT 702.13 million. So, the agency commission was 13.37% of gross premium which is well below the prescribed limit set by the authority.

Claim Management

Selected Indicators

	Year Ended Dec. 31		
	2020	2019	2018
Claim Initiated (BDT in million)	294.77	260.19	195.20
Claim Settled (BDT in million)	173.27	211.32	164.84
Claim Repudiated (BDT in million)	0.16	0.15	0.37
Number of claim Initiated	235	269	256
Number of claim Settled	185	237	217
Number of claim Repudiated	5	3	3

During FY 2020, the company has settled 185 claim worth of BDT 173.27 million, whereas initiated claim was 235 worth of BDT 294.77 million. Both number of initiated and settled claims has decreased during the year. It has been observed that, during FY 2020 AIL has settled 78.72% claim of total initiation. Moreover, the company has repudiated 05 claims in FY 2020 worth of BDT 0.16 million. On the other hand, out of total initiation in FY 2020, AIL has 45 outstanding claim of BDT 121.34 million.

Average Claim Settlement Periods

In days	2020	2019	2018
Fire	38	30	25
Marine	40	26	28
Motor	30	20	22
Miscellaneous	25	15	20

It has been observed that, AIL's claim settlement period is within 40 days in FY 2020. Moreover, the claim settlement period for fire, marine, motor & miscellaneous insurance has increased to 38 days, 40, 30 & 25 days respectively in FY 2020, whereas fire, marine, motor & miscellaneous insurance were 30, 26, 20, 15 days in FY 2019. The higher time taken by the company compared to previous year to settle the claim.

Selected Indicators

	Year ended Dec. 31		
	2020	2019	2018
BDT in millions			
Total Claims	219.88	169.22	135.82
Claims paid during the year	98.54	120.49	105.83
Claims paid as % of total claims	44.81	71.21	77.92

Profitability

Profitability position of the company has shown fluctuating trend over the last three years. AIL earns profit from different sources including interest & dividend income, share investment, other income and underwriting profit. Underwriting profit is one of the main source of income for AIL comprising 52.63% of total income. Moreover, total underwriting profit has increased by BDT 8.67 million in FY 2020 compared to previous year. AIL was able to generate higher underwriting profit from motor insurance as well as lower loss in fire insurance has supported the underwriting profit positively. It has observed that, loss in marine hull insurance has increased to BDT 1.23 million in FY 2020 from BDT 0.85 million in FY 2019. Moreover, fire insurance has generated loss of BDT 7.05 million in FY 2020, which was a profit making sector in FY 2019. On the other hand, profit from motor insurance has improved by BDT 6.54 million and stood at BDT 23.63 million during the year.

Other than underwriting, interest & dividend income, share investment and other income are other significant source of revenue for AIL comprising 47.36% of total income in FY 2020. However, Interest & dividend income consist of interest on FDR, STD, BGTB etc. and it has been observed that income from this sources has increased by BDT 8.75 million and stood at BDT 74.68 million in FY 2020. During the year, AIL has no profit/loss on sale of share. Since the market value is lower than its cost price, therefore loss of sale of share has been adjusted with the fair value reserve during FY 2020. Moreover, other sources of income for AIL consist of sale of old goods, Provident fund forfeited account 2014-2015, notice pay, Misc Receipt etc. which has increased by BDT 0.11 million in FY 2020

In FY 2020, profit after tax of the company has increased to BDT 110.36 million which has increased by 34.82%. On the other hand, net premium of AIL has increased to BDT 441.70 million which has increased by 8.07% in FY 2020. The higher increase in profit after tax compared to increase in net premium has resulted to increase in net profit margin to 24.98% in FY 2020. Moreover, Net Profit of the Company as on 31st December 2020 stood at Tk. 151.05 million against Tk. 105.24 million of the preceding year.

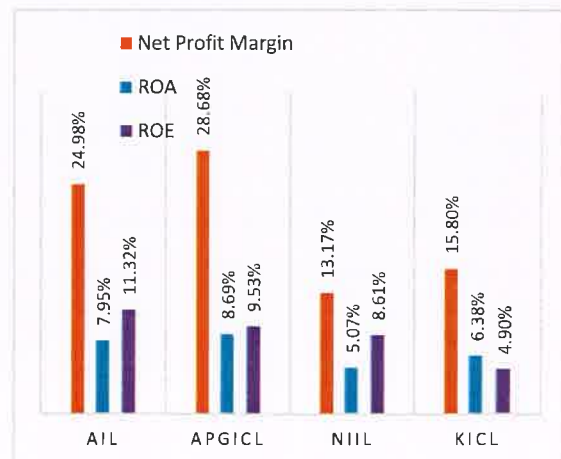
Selected Indicators

	Year Ended Dec. 31		
	2020	2019	2018
Net profit margin (%)	24.98	18.48	15.72
Return on assets (%)	7.95	6.22	5.93
Return on equity (%)	11.32	8.23	7.44

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 of AIL has increased due to mainly increase in profitability of the company.

Peer Comparison

Overall profitability performance of AIL has been improved in FY 2019. However, if the profitability of the company is compared with its peer group it has been observed that the company is in line with the peer group. AIL should take more strategically steps to improve the profitability position in future years by ensuring greater market share & quality risk management.



Investment Profile

AlphaRating observed that AIL has diversified its investment in different sector including Govt. Treasury bond, investment in share, FDR etc. Total investment of the company has following an increasing trend and stood at BDT 1,175.08 million in FY 2020 from BDT 974.35 million in FY 2019. Level of investment of AIL over the last three financial years given below:

AIL's Investment Mix

BDT in millions	Year Ended Dec. 31		
	2020	2019	2018
Investment in Govt. Treasury Bond	25.00	25.00	25.00
Investment in Shares	185.72	140.03	177.90
Short Term Deposit Account	93.49	19.55	23.23
Fixed Deposit Account	870.86	789.77	687.07

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 over the years under consideration. It has been noticed that, investment in FDR has been increased in FY 2020 & stood at BDT 870.86 million, which represent 10.26% increase compared to previous year. Moreover, Investment in shares is another significant area of investment for the company and stood at BDT 185.72 million at market value. Further analysis revealed that market value of most of the companies share is lower than its cost price and the company has maintained BDT 54.02 million as fair value reserve in FY 2020.

Selected Indicators

BDT in millions	Year Ended Dec. 31		
	2020	2019	2018
Total Investment	1,175.08	974.35	913.20
Investment income as % of total income	46.02	45.61	36.23
Yield on investment (%)	6.36	6.78	6.06

Investment income as a % of total income has increased in FY 2020 due to mainly increase in investment income. On the other hand, yield on investment has declined to 6.36% in FY 2020 from 6.78% in FY 2020, as the total investment has increased as a higher pace compared to investment income.

Peer Comparison

In term of Yield on Investment, AIL is in line with its peer group.



Items	Govt. Securities	BSEC approved Shares (Total)	Land & building in Municipality area	FDR (Total)
Required Rate (in terms of total assets)	7.50% (min)	25% (max)	20% (max)	80% (max)
AIL's Rate	1.22%	9.13%	6.31	42.84%

It is to be noted that, Other than Govt. securities & FDR the company has complied with investment rules for non-life insurance companies issued on 14.11.2019 which is depicted in the above table. Moreover, the company has invested more than 15% amount of total assets for FDR to a single private commercial bank which is higher than regulatory requirement with investment rules.

Liquidity Analysis

Selected Indicators

BDT in millions	Year Ended Dec. 31		
	2020	2019	2018
Current ratio (times)	1.86	2.05	2.17
Current asset/net claim (times)	9.43	10.07	10.27
Current liabilities/total liabilities (%)	98.61	99.55	99.52
Cash & bank balance/total assets (%)	49.28	46.85	44.26
Operating cash flow/net claim paid out (%)	164.85	91.48	111.93
Operating Cash Flow	282.15	127.36	130.66

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 by 0.19 times and stood at 1.86 times in FY 2020 as AIL's current assets have increased by 15.13%, whereas current liabilities have increased at a higher rate by 28.00%. Current asset to net claim ratio has declined during FY 2020 & stood at 9.43 times. Scrutiny reveals that the growth of net claim is higher than the growth of current assets and this situation has led the current asset to net claim ratio to decrease in FY 2020.

Current liability to total liability of the company shows 98.61%, as there is deferred tax liability & lease liability by the company. Cash and bank balance of AIL has been increasing over the years & during FY 2020 cash and bank balance has increased by 20.88% due to mainly increase in fixed deposits, whereas total assets grew by 14.90%, which led the cash & bank balance to total assets ratio to increase in FY 2020.

However, operating cash flow position of the company has increased by BDT 154.79 million in 2020 compared to FY 2019. As a result, operating cash flow to net claim paid out has also increased to 164.85% from 91.48% in FY 2019.

Reinsurance Utilization

Under the discretion of Insurance Act, the retention 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, 50% of the re-insurable general business shall be reinsured with Sadharan Bima Corporation (SBC) and the remaining 50% of such business may be reinsured either with SBC or with any other reinsurer whether inside or outside Bangladesh.

AIL also maintains 100% reinsurance arrangement with SBC. Reinsurance protections availed from SBC (1st April, 2021 to 31st March, 2022) is presented below:

Selected indicators

	Fire	Marine Cargo	Marine Hull	Misc.
Treaty Limit	800.00	240.00	20.00	10.00
Retention	10.00	3.00	2.50	1.00

It has been observed that, AIL has surplus treaty for fire, marine cargo, marine hull & miscellaneous insurance, whereas motor insurance has excess of loss treaty. On the other hand, fire insurance of AIL is also protected by catastrophe X/L cover treaty.

Individual class wise risk retention ratios of last 3 years are presented below:

Business Class\ Year	2020	2019	2018
Fire	43.37%	46.27%	58.81%
Marine Cargo	80.79%	85.31%	82.01%
Marine Hull	28.38%	17.03%	10.28%
Motor	93.98%	92.95%	95.28%
Miscellaneous	72.44%	54.70%	57.13%
Total (Average)	63.79%	59.25%	60.70%

During FY 2020, total sum insured was BDT 319.38 billion and re-insurance coverage was BDT 92.31 billion, whereas during FY 2019 total sum insured was BDT 222.54 billion and re-insurance coverage was BDT 89.56 billion.

Generally high retention level signifies inadequate reinsurance protection while low retention level may hamper profitability. It has been also observed that, AIL's average risk retention rate remained above 50% during three years under consideration.

Solvency Analysis

Selected indicators

	Year Ended Dec. 31		
BDT in millions	2020	2019	2018
Available Solvency (AS)	583.60	584.74	582.13
Required Solvency (RS)	93.07	87.03	87.77
Solvency Margin (AS/RS) (times)	6.27	6.72	6.63

Solvency Margin Ratio is another important financial indicator and one of the key benchmarks for industry regulators. Solvency Margin means the amount by which the assets of the insurance company 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 but still insurance Development & Regulatory Authority's (IDRA) has not prescribed any formula or guidelines to calculate the minimum solvency margin. From the above table we can see that, solvency margin has slightly decreased in FY 2020 and stood at 6.27 times, which was 6.72 times in FY 2019. The reason behind for slight decrease in solvency margin is, available solvency has decreased by 0.19% whereas required solvency has increased by 6.94% and for which solvency margin has slightly decreased in FY 2020.

Reserve Adequacy

AIL has maintained the reserve for un-expired risk as per Insurance Act, 2010; 100% of the net premium income for marine hull insurance and 40% for all other business classes. The company also maintained reserve for exceptional losses. In FY 2020 the reserve for exceptional losses has increased to BDT 319.44 million, which has increased by 16.04% from that of previous year. However, the reserve represents 72.32% of net premium.

Reserve for exceptional losses represent 1.87 times of net claim in FY 2020 which was 1.98 times in FY 2019, suggesting the company's unexpected events absorbing capability has declined from previous year.

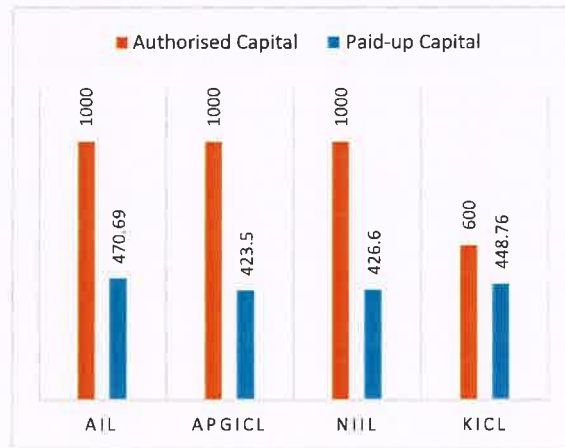
Capital Adequacy

According to statutory capital requirement, every non-life insurance company is required to have BDT 400.00 million as paid up capital and AIL has fulfilled this requirement. Paid-up capital of the company has remained same as FY 2019 and stood at BDT 470.69 million at the end of FY 2020.

The board of AIL has last issued 5% stock dividend in FY 2013 (5% 2012, 15% 2011, 25% 2010 & 10% 2009) along with 12% cash dividend in FY 2020 (10% 2019, 10% 2018, 10% 2017, 10% 2016, 10% 2015 & 10% 2014) and 01 right share for 01 share in FY 2011.

Peer Comparison

If peer group is taken into consideration, then it has been noticed that, AIL is running in line with the competitor in terms of both authorized & paid-up capital.



Management & Other Qualitative Factors

Composition of the Board

The Board of Directors of the AIL constituted with 12 members including 01 Independent Director & 01 Executive Director who is the Managing Director & CEO of the company, each having years of experiences in the business, finance and industry.

Moreover, the board is engaged in major activities such as addressing major policy, regulatory and strategic issues and providing proper guidelines, monitoring financial performance, monitoring operations of internal control, approval of annual budget, major capital expenditure. Evaluation of financial performance, approval of audit report, appointment and evaluation of Managing Director and Senior Management team are the key decisions where the board of directors plays a good part to carry on a sound operational system.

In addition, the board of directors is the responsible body to make timely reporting to shareholder about the affairs and performance of the company. The Board is also responsible to comply with all types of Rule, Regulation, Notification and Orders issued by the Regulatory Authorities on timely manner. They also ensure to implement the good Corporate Governance in AIL. The board is chaired by Yussuf Abdullah Harun FCA, MP. During FY 2020, total 05 numbers of board meetings were held by the company compared to 07 numbers meetings in the year 2019.

Board Committees

For smooth functioning of the company, AIL formed various committees. 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
- Audit Committee
- Nomination & Remuneration Committee
- Management Committee (MANCOM)
- Business Plan & Development Committee

- Purchase & Procurement Committee
- Re-Insurance & Claims Committee
- Human Resource Development Committee
- Investment Committee
- Integrity Committee
- Innovative Team
- Promotion & Recruitment Committee

Executive Committee

Executive Committee of AIL comprised of 08 members of the Board of Directors and formed as per Guidelines of IDRA. The executive committee is responsible for developing policy and strategy for smooth operation of the business. Moreover, the committee is also responsible for business development of the Company to ensure maximization of shareholders' wealth protecting other stakeholders' interest. The committee is chaired by Abul Bashar Chowdhury.

Audit Committee

Audit Committee of AIL comprised of 08 members of the Board of Directors. The committee plays an effective role in devising an efficient and secured operation system in the company. AIL initiates internal audit in branches and head office divisions on a periodical basis. The internal audit is supervised under Internal Control & Compliance Division (ICCD) of the Company. The Committee reviews the financial reporting process, the system of Internal Control, Management Information System, Management of Risks, Regulatory Inspection Reports, Audit process and Compliance with laws and regulations of the country as well as Company's own code of conduct. The committee is chaired by Dr. Zaidi Sattar. During FY 2020, total 04 meetings were held by the committee.

Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) of AIL was formed under code 6(a) of Corporate Governance Code 2018 of Bangladesh Securities & Exchange Commission and the committee comprised of 03 members of the Board of Directors. The committee is responsible to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and to plebe executive as well as a policy for formal process of considering remuneration of directors, top level executives of the Company. The committee is chaired by Dr. Zaidi Sattar.

Management Committee (MANCOM)

Management Committee (MANCOM) of AIL was formed in 2018 with the object of smooth and effective running of the Company, major operational decisions are taken through MANCOM meeting involving most senior Officials of AIL. The committee is headed by the Managing Director & CEO Md. Imam Shaheen. During FY 2020, total 04 meetings were held by the committee where 11 nos. of major issues were discussed and discharged.

Business Plan & Development Committee

Business Plan & Development Committee of AIL comprised of 03 members. This committee was formed to make annual business plan, monthly review and to take necessary strategic decision for overall business development of the Company to ensure that the business goals are aligned with the corporate goals and objectives. This committee plays the vital role in involving, distributing jobs and directing the human resources to motivate towards achieving individual as well as organizational annual goal in terms of business procurement, profit and capturing & retaining market share. The committee is chaired by Managing Director & CEO Md. Imam Shaheen.

Purchase & Procurement Committee

Purchase & Procurement Committee of AIL comprised of 05 members. To ensure good corporate governance, AIL is transparent in type of purchase and procurement and such exercise power through this Committee. This committee was formed in 17 June, 2010 for systematic consolidated purchases decision. The committee is chaired by Managing Director & CEO Md. Imam Shaheen.

Corporate Social Responsibility

Corporate social responsibility is a corporation's initiative to assess & take responsibility for the company's effects on environmental & social wellbeing. AIL endeavors to play its role as a good corporate citizen by supporting worthy causes which aim to improve the lives of the people.

Corporate Governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Corporate governance facilitates the rules regulation to work in the best interest of stakeholders. AIL believes in a culture where Board of directors & the management are dedicated toward effective corporate governance. It has been the company's endeavor to excel through better governance. AIL believes in basic principles of corporate governance i.e.: transparency, disclosure etc. The company also complied with each & every conditions imposed by BSEC's Notification on Corporate Governance. During FY 2019, the company achieved the certificate of good corporate governance from "K. M. Hasan & Co, Chartered Accountants".

IT Infrastructure & Its Utilization

AIL has given due emphasis on the continuous development of Information Technology (IT) infrastructure. AIL has a separate MIS & IT Department to manage all IT related matters. All the departments of the Head Office are connected with Local Area Network (LAN) supported by two servers i.e. brand and gateway. All the branches of AIL are connected with central database through online system. All the department and branch offices of the company had been automated by installation and implementation of Integrated Insurance Business Solution (IIBS) custom ERP. AIL has upgraded the server system from RAK-720 with auto backup in 320.RAK. The company ensured secured file sharing system, CUBE and SS display etc.



Company Information:

Board of Director & CEO (As on 31/12/2020)

Name	Position
Yussuf Abdullah Harun FCA, MP	Chairman
Mahbubul Alam	Vice Chairman
Abul Bashar Chowdhury	Director
Mohammed Jahangir Alam	Director
Khaleda Begum	Director
Farzana Afroze	Director
Mohammad Mustafa Haider	Director
M. Kamal Hossain (Nominated Director of Southeast Bank Limited)	Director
Tarik Sujat (Nominated Director of Bay Leasing & Investment Ltd.)	Director
Mohammad Ali Khokan	Director
Dr. Zaidi Sattar	Independent Director
Md. Imam Shaheen	Managing Director & CEO

Major Shareholders (As on 31 October, 2021)

Name of Shareholder	% of Shareholding
Sponsors/Directors	47.63
Institute	27.85
Public	24.52
Total	100.00%

Auditor

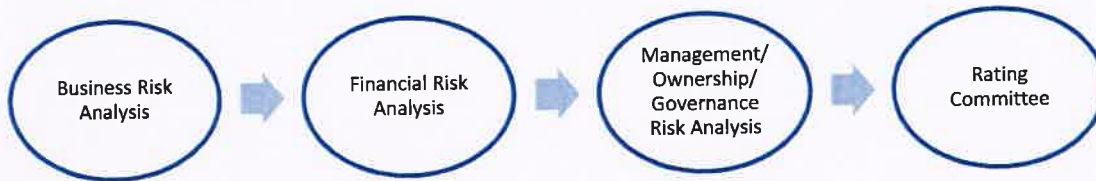
Syful Shamsul Alam & Co.
Chartered Accountants
65/2/1 Culvert Road, Dhaka

Head Office

Asia Insurance Limited
Rupayan Trade Centre (14th Floor), 114-115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000
Phone: +88-02-55138581-84
Fax: +88-02-55138587
E-mail: info@asiainsurancebd.com / asiainsu@gmail.com
Web: www.asiainsurancebd.com

End of the Report

AlphaRating's Research Methodology for Determining Insurance Rating



Analysis is segmented into two or three sub sectors:

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

Analysis is segmented into four sub sectors:

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

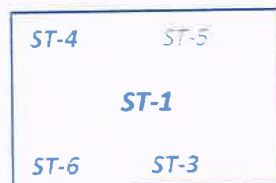
It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

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

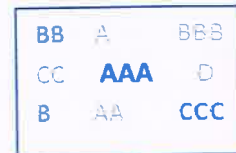
- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook

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



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



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

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



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