

Directors' Report to the Shareholders

“BISMILLAHIR RAHMANIR RAHIM”

HON'BLE SHAREHOLDERS

Assalamu-Alaikum Wa Rahmatullah

It is indeed a great pleasure for me to welcome you all to the 21st Annual General Meeting of Islami Commercial Insurance Company Limited. I, on behalf of Board of Directors and on my own behalf, am pleased to place before you its Annual Report, Audited Accounts for the year ended 31st December, 2020 together with the Directors' Report thereon.

DISTINGUISHED SHAREHOLDERS

Islami Commercial Insurance Company Limited has been endeavored it's best to consolidate overall position of the Company in the interest of Insurance Industry and could secure growth because of continuous efforts of the Board of Directors and the Management.

The further progress of Bangladesh Insurance Industry predominantly depends on how the consumers perception of insurance as a useful and efficient vehicle of risk transfer can be useful. This can be achieved through sustained efforts of the industry as well as Regulator towards restoring public confidence by providing efficient services, honoring insurance policy obligations, introducing new products/fields by rationalizing the price mechanism.

WORLD ECONOMY

The global economy stopped down and weather was full of attraction causing to Covid-19 pandemic . Social and cultural adaptation was different for which, the global economy will forecasted to turnaround towards the digital marketing integration with all kinds of marketing business during he year 2020.

Although the recent vaccination program has raised hopes of a reversal in last year's pandemic, renewed waves and new variants of the virus have raised concerns for the global outlook. Among exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. The projected growth recovery of this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed and those who work in contract-intensive sectors.

BANGLADESH ECONOMY

In the past few years Bangladesh recorded one of the fastest growth rates in the world with economic performance that has helped to reduce poverty and social inequalities. GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the Covid-19. It is expected that the pandemic economic recovery will be boosted by strong remittance flows from the Bangladeshi migrant working around the world.



Bangladesh is one of the most vulnerable countries in the world to climate change with extreme weather events estimated to have caused a loss of around 1.8% of GDP in the past few decades. The country has taken measures to promote green financing and is seeking grants from the international community, notably via the Green Climate Fund. The official unemployment rate according to the latest survey of Bangladesh Bureau of Statistics, was 4.2% during 2016-2018, but this is more than double in youth unemployment rate which is 10.6%. More importantly 29.8% of young people in Bangladesh are not involved in education employment or training. However, defying odds amid the Covid-19 pandemic, Bangladesh's stock market performed well during July-September period of 2020, emerging as Asia's best-performing capital market.

INSURANCE SECTOR

At present, 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 general segment and the other in the life segment. The gross premium income of all Non-life insurance companies in Bangladesh stood at Tk. 4,718 crore including SBC which was Tk. 3,418 crore for all private Non-life Insurance Companies in Bangladesh. Life insurance constitutes 73.5% of Bangladesh's insurance market and non-life insurance 26.5%.

The assets of all insurance companies in Bangladesh stood at 11,103 crore including SBC which was 7,276 crore excluding SBC by the end of 2020.

Although Bangladesh's insurance sector has witnessed some growth, in comparison with other developing nations, there is a lot of room for improvement. A majority of the population across product segments (life and non-life) remains untapped by the insurance market. Overall, insurance penetration in Bangladesh was 0.91% in 2019 and has mostly been on a steady trend since 2015. Compared to its South Asian counterparts, Bangladesh has the lowest premium per capita. The average insurance penetration in emerging markets increased to more than 3% upto 2019, as premium growth continued to outpace GDP growth within these economies. But in Bangladesh, there is low penetration of financial products and services beyond current accounts compare to all financial products and savings products.

Regulatory reform must have some principal aims and should restrict the sale of unfair and mispriced policies to consumers. This is especially important because insurance by its nature is a complex product, hereby vulnerable consumers can be persuaded to opt for complicated benefit structures, causing consumer hazard within the insurance sector. Regulators should also ensure that there is a satisfactory level of capital reserves to protect customers in scenarios where they can make payment of claims when necessary.

BANGLADESH OBSERVED THE 'INSURANCE DAY'

on March 1, 2020 for the first time highlighting the role of insurance sector in the economy. The Honorable Prime Minister Sheikh Hasina was the chief guest in an event held on the occasion. It was also decided that Insurance Day will be observed on March 1 every year.



MAINTAINING PROPER BOOKS OF ACCOUNTS

The director's responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in good order. The books of accounts kept at the registered office of the Crystal Insurance Company Limited.

APPROPRIATE ACCOUNTING POLICY FOLLOWED

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed. Effective

Internal Control System

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. Board of directors has the responsibility for approving the review of overall business strategies and significant policies of the internal control system.

FINANCIAL HIGHLIGHTS

Our business performance during the year 2020 was higher than that of the previous year and earned a total premium of Tk. 55.20 crore while it was Tk. 50.20 crore in 2019. Now, on behalf of the Board of Directors of the Company I have the pleasure to present the financial highlights on the operational result of the Company accomplished throughout the year 2020 along with comparative business figures of 2019 are furnished below:-

Particulars	T A K A	
	2020	2019
Gross Premium	- 55,19,66,426	50,20,29,252
Net Premium Income	- 36,07,29,615	34,75,31,358
Com. earned on R/I Ceded	- 3,42,05,814	3,55,22,077
Net Claim	- 9,81,36,882	4,96,86,505
Reserve for Unexpired Risk	- 14,87,48,039	14,18,38,023
Fixed Deposit & BGTB	- 26,52,00,000	30,00,00,000
Investment in Share	- 18,88,72,940	19,95,96,375
Management Expenses	- 17,43,13,553	18,03,84,597
Commission Expenses	- 6,34,26,379	7,53,04,388
Interest and other Income	- 59,08,862	3,28,57,171
Underwriting Profit	- 5,71,31,859	3,43,31,890
Profit Before Tax	- 4,63,44,431	4,99,15,815
Total Assets	- 96,96,42,909	95,49,32,659

With further improvement in the process of promotional development of this Company. We have advised the Management to focus on commitment of quality services to the clients, low risk underwriting, profitable business, diversification of investment and increase of investment income of the Company. The Board of Directors expect a satisfactorily business performance with further improvement in the years to come Insha-Allah.

INVESTMENT

Including statutory deposit of Tk. 2,50,00,000 with Bangladesh Bank in the form of Bangladesh Government Treasury Bond (BGTB), the Company invested its Fund in Fixed Deposit, Shares and amount lying with STD Accounts with different scheduled Banks. Besides, the Company has purchased an Office Space at Level 16th of City



Centre situated in the heart of Dhaka City at Motijheel measuring 6,900 sft. for Head Office. The head wise investment figures are listed below:

	T A K A	
	<u>2020</u>	<u>2019</u>
Bangladesh Govt. Treasury Bond -	2,50,00,000	2,50,00,000
Investment in Share -	18,88,72,940	19,95,96,375
F.D.R. with Different Banks -	24,02,00,000	27,50,00,000
STD, CD, BO Account & Petty Cash -	5,66,07,760	5,63,77,941
Office Space (at cost) -	4,12,76,000	4,12,76,000
	<u>55,19,56,700</u>	<u>59,72,50,316</u>

HON'BLE SHAREHOLDERS

Islami Commercial Insurance Company Limited commenced business in 2000 with a Paid-Up Capital of Tk. 60.00 Million. Now, the Paid-Up Capital of your Company increased to Tk. 303.91 Million. A comparative figure showing Capital and Reserve as on 31-12-2020 & 31-12-2019 are given below:

	T A K A	
	<u>2020</u>	<u>2019</u>
Paid-Up Capital -	30,39,16,600	29,50,64,800
Reserve and Surplus -	32,30,13,354	28,77,48,683
	<u>62,69,29,954</u>	<u>58,28,13,483</u>

DIVIDEND

Dear shareholders, the Board of Directors recommended 7% cash dividend for their honorable shareholders for the year ended 31st December 2020 from the retained earnings of the company.

CREDIT RATING REPORT

Emerging Credit Rating has rated your Company from 'A+' to 'AA-' (Pronounced as "Double A Minus") in the long term and ST-2 in short term considering the audited financial statements of the company ended 31st December 2020. The rating reflects high claims-paying ability, protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.

DIRECTORS

According to the provision of Article 24.1 of the Articles of Association of the Company, the following Directors will retire from the office in the 21st Annual General Meeting and as per Article 24.3., being eligible for re-election all of them offered themselves for re-election: -

1. Janab Abu Bakkar Siddique
2. Janab Al-haj Mohammed Yahya
3. Janaba Israt Jahan



APPOINTMENT OF AUDITOR

The Auditor of the Company M/s. Shiraz Khan Basak & Co., Chartered Accountants shall retire at the 20th Annual General Meeting and expressed their willingness to continue in office for the next term. Besides, M/s. Islam Aftab Kamrul & Co., Chartered Accountants expressed their interest to be appointed as statutory auditor for the year 2020. The matter is placed before you to select any one of them at a remuneration to be fixed by you.

APPOINTMENT OF COMPLIANCE AUDITOR

M/s. Jasmine & Associates., Chartered Secretaries & Corporate Affairs Consultants was appointed as Compliance Auditor for the year 2020. Considering their performance the Board recommended M/s. Jasmine & Associates., Chartered Secretaries & Corporate Affairs Consultants for reappointment as Compliance Auditor at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only for the year 2021.

ACKNOWLEDGEMENTS

The Board of Directors takes the opportunity to offer thanks to all the Shareholders, valued Clients and well wishers for their active co-operation and support extended to this Company.

It is expected that the Management Functionaries of the Company shall put in their untiring efforts with Plan and Vision so that the Company may gradually emerge as a progressive Islami General Insurance Company in Bangladesh.

The Board of Directors also offers its sincere thanks and gratitude to the Ministry of Finance, Ministry of Commerce, The Insurance Regulatory and Development Authority, Bangladesh Bank, The Registrar of Joint Stock Companies & Firms, Bangladesh Securities & Exchange Commission, Sadharan Bima Corporation, Bangladesh Insurance Association, Bangladesh Insurance Academy, all Scheduled Banks and other Government and Non-Government Organizations for their whole hearted co-operation and support.

The Board of Directors further offers thanks to all the officials of the Company for rendering their service sincerely with devotion.

May Almighty Allah grant us courage, strength and fortitude to lead this Company to attain its objectives with better glory.

Ameen.

For and on behalf of the Board of Directors
of Islami Commercial Insurance Co. Ltd.



Shahida Anowar

(Shahida Anowar)
Chairman