

15 December, 2015

To
Managing Director
Pioneer Insurance Company Limited
Symphony 5th Floor
Plot-SE (F) 9
Road-142, South Avenue
Gulshan-1
Dhaka-1212

Subject: Credit Rating of Pioneer Insurance Company Limited.

Dear Sir,

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

Date of Declaration	Valid Till	Long Term Rating	Short Term Rating	Outlook
15 December, 2015	14 December, 2016	AAA	AR- 1	Stable

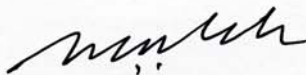
The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Pioneer Insurance Company Limited**, hereby solemnly declare that:

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

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

With Kind Regards,



Muhammed Asadullah
Managing Director & CEO

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

Pioneer Insurance Company Limited**Date of Declaration** 15 December, 2015**AAA** Long Term Rating **AR-1** Short Term Rating **Stable** Outlook**Valid Till** 14 December, 2016

Business Risk High	Liquidity Good	Profitability Good	Solvency Score High	Capital Adequacy Excellent	Sector Non-life
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Pioneer Insurance Company Limited is a leading non life insurer of the country, operating with experienced management team, prompt claim payment & good compliance practice.

Rationale

Contact Analysts

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Date of Incorporation:

25, March, 1996

DSE & CSE Listing: 23 July, 2001

Board Chairman:

A.K.M. Rahmatullah, MP

CEO & Managing Director:

Q.A.F.M. Serajul Islam

Total Asset: BDT 2,274.50 million
 (As on 31.12.2014)

Authorized Capital:
 BDT 1,000.00 million
 (As on 31.12.2014)

Paid up Capital:
 BDT 508.95 million
 (As on 31.12.2014)


Muhammed Asadullah
 Managing Director & CEO
 Alpha Credit Rating Limited

AlphaRating assigns long term rating of "AAA" "(pronounced as "Triple A") and short term rating "AR-1" on claim paying ability (CPA) of Pioneer Insurance Company Limited (Hereinafter referred to as 'PICL' or 'the company'). The rating draws comfort from strong competitive position in domestic market, long track record of the company, prompt claim settlement capability, prudent underwriting process, excellent dividend policy and good solvency ratio & combined ratio.

The assigned rating is also supported by experienced management team, good control over agency commission & management expense, strong balance sheet with no debt along with empirical investment policy and strong branch network. Assigned rating is also supported by admirable compliance practice of PICL.

However, the strength of the rating is partly offset by declining underwriting income, operating cash flow along with the worsening combined ratio. The assigned rating also considers the dearth of qualified professionals in the insurance industry of Bangladesh as a whole. The rating has also been constrained by the uncertain economic environment as well as the level of maturity of the domestic insurance market.

However, we expect PICL to ensure higher claim paying ability by transferring risk through re-insurance and improving the solvency position through better profitability and capital enhancement. Taking into consider of these factors and given its size and importance to the country economy, PICL is assigned a rating of "AAA", with stable outlook.

The Stable Outlook assessed by AlphaRating reflects that, upside and downside risks to the rating are currently well balanced.

	2014	2013	2012
Combine ratio (%)	62	59	54
ROA (%)	12%	15%	16%
Net Profit (%)	10%	15%	16%
Current Ratio(x)	2.68	2.65	3.28
Solvency ratio(x)	4.92	4.76	4.21
Net premium	998.28	876.03	792.48
Net Claim	341.76	283.50	195.82
Investment	1,172.11	1,154.23	1,181.24
Underwriting Income	227.53	255.02	216.57
Investment Income	104.52	95.02	109.18
Excess of Mgt. Exp.	3.36	-	26.79
Operating Cash Flow	261.16	394.49	161.44
Fixed Deposit	810.04	792.55	887.89
Dividend	30%	30%	30%

Company Profile

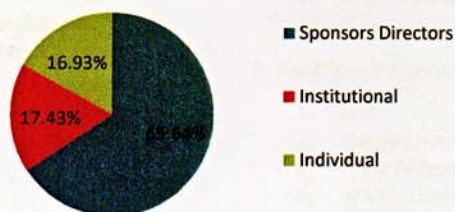
Pioneer Insurance Company Limited is a second generation private sector Non-life insurer in Bangladesh. PICL was incorporated in 25 March, 1996 under company act 1994. PICL started with a paid-up capital of BDT 60.00 million and considering 25% proposed bonus issue in FY 2014 cumulative paid-up capital will increase to BDT 636.19 million.

Shares of the company are traded in Dhaka Stock Exchange and Chittagong Stock Exchange and trades as "A" category. The company has a total market capitalization of approximately BDT 2,220.29 million as on 20 September, 2015.

Ownership Pattern

The shareholding pattern of the company on 30 June, 2015 is presented below:

% of Share Holding



Bangladesh Non-life Insurance Market Composition & PICL's Share

The non life insurance industry of Bangladesh is blessed by 46 companies including the government owned Sadharan Bima Corporation whereas no single insurer holds large market share. Due to the unavailability of industry data, AlphaRating could not determine the market share of PICL in FY 2014. However, the non life insurance industry of Bangladesh has reported a net premium of BDT 16,611.81 million in 2013 (including SBC) whereas PICL reported net premium of BDT 876.03 million which represents 5.27% (4.88% in FY 2012) of the total market share in that financial year.

Company Profile

Other Qualitative Factor

Industry Overview

Company Information

Business Risk

Credit Analysis

Management &

Principal Product

In FY 2014, 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 22 districts with 40 branches.

1. Fire Insurance:

1. Fire and Allied Perils
2. Household
3. Hotel Owners All Risks insurance
4. Insurance of Consequential Loss
5. Industrial All Risk Insurance

2. Marine Insurance:

1. Marine Cargo
2. Marine Hull
3. Marine Freight

3. Motor Insurance:

1. Comprehensive
2. Act Only Liability
3. Increased Liability

4. Aviation Insurance

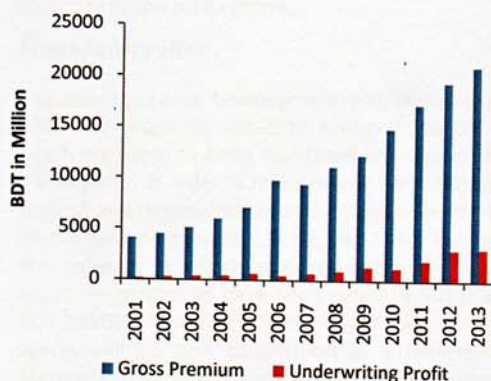
1. Hull
2. Liability Insurance
3. Crew Personal
4. WAR Insurance
5. Deductable Insurance
6. Loss of License
7. Accident

5. Engineering Insurance**6. Miscellaneous Insurance****Sector-wise Gross Premium**

Class	Gross Premium as on 31-12-14 (BDT in Million)	Percentage (%)	Gross Premium as on 31-12-13 (BDT in Million)	Percentage (%)
Fire	909.64	43	806.13	43
Marine	722.79	34	647.93	35
Motor	260.80	12	230.57	12
Misc.	242.23	11	190.27	10
Total	2,135.46	100	1,874.90	100.00

Industry Overview

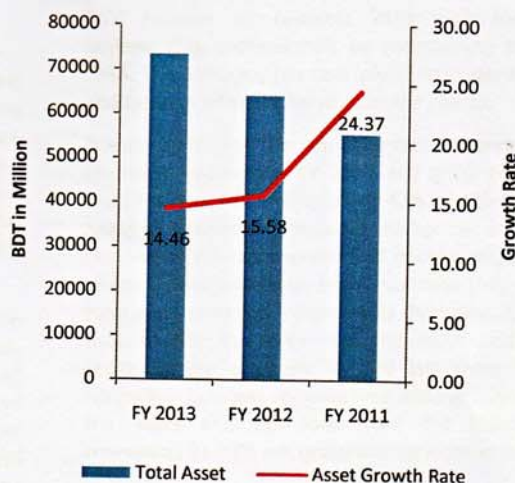
The insurance market in Bangladesh is still small with 31 life and 46 non life insurance and a combine premium income of BDT 93,342 million (including JBC & SBC, ref: insurance year book-2013). Despite the decline in the global insurance market Bangladesh has seen a significant growth over the last few years. The market has immense potential for future expansion and this expansion and increase of insurance penetration lies in personal lines business such as health insurance, micro insurance. The growth of the country's economy, in line with the growth in South Asian countries will also provide an impetus to the insurance sector by creating new business opportunities. Overall growth of non-life insurance gross premium income was 12.45% in 2012 (including SBC). The market is still growing despite with a slow growth rate of 6.01% in FY 2013. The insurance growth rate has been at almost double digit over the years, although this growth somewhat slowed down during the last two years. Comparative figure of gross premium & underwriting profit on non-life insurance is pictured below:



Source: Bangladesh Insurance Association

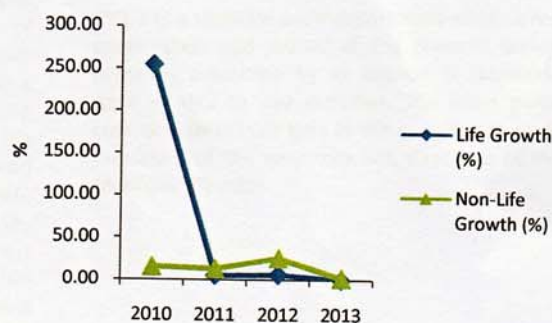
The insurance market in Bangladesh remains fragmented and extremely competitive due to existence and operation of a large number of companies. Before 2013, there were 43 non-life and 17 life insurers in the private sector, other than 2 public sector Corporations. During mid 2013, the Government has issued licenses to 13 life and 2 non-life insurance companies. However, none of the non-life insurers held significant portion of market share to build up monopoly market.

Based on Gross Premium, the largest private sector non-life insurance company is Green Delta Insurance Co. Ltd. with 12.41% market share in FY 2013 and Pioneer Insurance Co. Ltd. is the second largest private sector non-life insurance company with 8.90% market share (excluding SBC, ref: insurance year book-2013).



Source: Bangladesh Insurance Association

However, the prospect of insurance business is very positive in Bangladesh, a comparative figure net premium growth of Life & Non-life insurance business has given below:



Source: Bangladesh Insurance Association

The key drivers for growth of insurance, namely economic growth, per capital income growth, investment in infrastructure, growing population, segment of young group, existence of compulsory insurance requirement, regulatory environment-all exist, but need to be strengthened. It is evident that large segments of the population and insurable interests have not been brought under insurance coverage.

However, considering what is happening in the outside world, especially in other similar or neighboring countries, our insurance industry still has a long way to go. Governance model is weak, product base is shallow, risk taking ability is low due to low capital base and premium income is low with low market penetration.

Business Risk Analysis

Insurance/Actuarial Risk

The risk under an insurance contract is that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principle risk the company faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims, actual benefits paid being greater than originally estimated subsequent development of long-term claims.

PICL reduces this risk with the help of underwriting team who undertakes pre-insurance surveys of large and complicated risk. Underwriting team of the company consist four members, all member are well experience and trained from both within and outside the country. Risk management ensures proper understanding of the right level of risk acceptance, risk control and risk related expenditure. PICL also takes reinsurance coverage from SBC & foreign re-insurance company that also help the company to pay off its claims.

Regulatory Risk

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. In order to make overall claim settlement procedure smooth and timely, insurance companies are required to set up a special fund policyholders Protection Fund. For further enhancing the solvency position, paid up capital for non-life and life insurance companies have been raised to BDT 400.00 million and BDT 300.00 million respectively. As per the circular issued by IDRA, agents will be paid commission at a maximum rate of 15%. Moreover, mandatory Credit Rating for the insurance companies is expected to create a positive vibration in the industry as the institutional insured expects for good credit rating to safeguard their interest. The same will pressurize the underperforming insurance companies to retain their market share. All these requirements will make the market more reliable and uniform.

In accordance with the Insurance Act 2010, PICL has increased its paid up capital. Experienced board committee especially audit committee of PICL's acting in accordance with the guidelines provided in the notification dated 7th August, 2012 of BSEC and ensuring all relevant requirements for the company.

Business Risk

PICL handles its business risks with the help of its underwriting professionals by maintaining the guideline of IDRA. The company has centralized its underwriting functions and ensures effective services to the clients.

It was found that the company mainly concentrated on fire insurance business in FY 2014 and gross premium received from fire business represented 43% of total gross premium. Another significant business sector is marine insurance business which represented 34% of total gross premium while motor & miscellaneous insurance held only 12% & 11% of total gross premium, respectively. However, it was also noted that, marine insurance was the most profitable business sector of the company for the last three financial years, where fire business remains loss making business sector over the years and net loss from fire insurance accounts represents 21.33% net underwriting income in FY 2014.

Internal Control Risk

Internal control risk arises from non compliance of rules and regulation which ultimately possess negative impact on overall business performance.

PICL has a separate audit department which is responsible for examination and review of the financial statement of the company submitted by its auditor. It monitors compliance issue of day to day activities. The main purpose internal control system is to look at the compliance issues as per the provisions of the Insurance Act, directives of the Board and Managing Director.

Interest Rate Risk

Investment risk arises out of investment decisions and acceptance of high exposures in any one type of investment instrument. Volatility of money market has also great influence over the interest rate structure of fund hold by PICL. Interest Income of PICL is a significant portion of total income (27%). This income from fixed and other deposit may fall with the reduction of interest rate of commercial bank.

In order to ease up interest rate exposure, companies can invest into mutual funds to secure its revenue and also to generate capital gains. However, this source has also its own drawback, if the overall capital market position fall, then the performance of mutual fund will also decline.

Thus the company should more concentrate on traditional business in order to minimize any loss/reduction of income arising from the investment already made.

Liquidity Risk

Liquidity is the risk that arises when a firm though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive cost. The major liquidity risk confronting the company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and maturity of investment securities. Liquidity risk also occurs more generally in relation to the ability to buy and sell investments. This is a function of size of PICL's holding relative to the availability of counter parties willing to buy or sell these holding at any given time.

However, PICL sets limit on the minimum portion of maturing funds available to meet such calls to cover claims at unexpected levels of demand. Moreover, company's FDR with bank has observed to increase in FY 2014.

Competition in the Market

At present, there are 46 non life insurance companies (including SBC) in Bangladesh and all of them are active in the industry. The non life insurance industry of Bangladesh has reported a net premium of BDT 16,611.81 million in 2013 whereas PICL reported net premium of BDT 876.03 million which represents 5.27% of the total market share in the same year (ref: Insurance year book-2013). Whereas other market giant like Green Delta Insurance Co. Ltd., Pragoti Insurance Ltd. & Reliance Insurance Ltd. hold 7.93%, 3.79% & 4.24% of market share, respectively (ref: Insurance year book-2013).

To be continuing as a market leader, PICL needs to develop new products with innovative idea.

Political Instability

Political instability is a major problem in Bangladesh. For the instability in politics, many disruptive situations are often created which have negative impact on every business. The people who operate various types of businesses in our country, often experience inconvenience in running their business. This crisis on political platform affects the overall employment, savings and thus investment of the country.

Insurance business is not an exception of this. Political instability and inconsistency of politics have negative impact on overall policy collection of the company and number of claim against policies.

Financial Risk Analysis

Underwriting Process & Quality

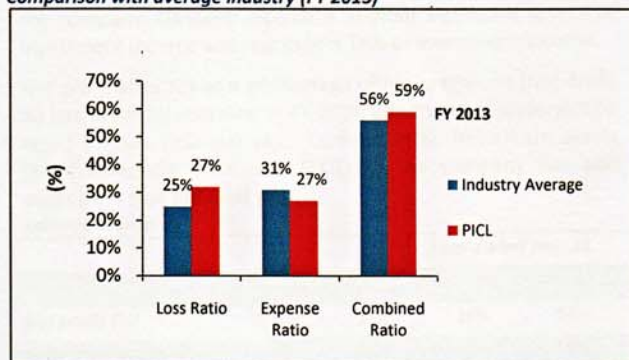
The underwriting department of PICL is a measure of success for the company. Loss ratio (net claim/ net premium) of the company has increased over the years. However, it has mainly increased due to higher proportionate growth of net claim paid out comparing to the relative net premium. Expenses ratio (expenses of management (consol. rev. acnt.)/net premium) of the company remains more or less stable over the years due to well balanced management expenses along with the net premium income. Combined ratio of the company is well below than 100% and comparing to current industry performance is quite satisfactory.

Selected Indicators:

(Without considering commission on reinsurance ceded & agency commission)

	Year Ended Dec. 31			
	2014	2013	2012	2011
Loss ratio (%)	34	32	25	26
Expense ratio (%)	27	27	30	28
Combined ratio (%)	62	59	54	54

Comparison with average industry (FY 2013)



Moreover, if we compare average industry performance with that of the company in FY 2013 (data collected from Insurance Year Book-2013), it is noticed that expenses ratio of the company was better than average industry performance and combined ratio of PICL was very close to average industry position.

Selected Indicators:

(After considering commission on reinsurance ceded)

	Year Ended Dec. 31			
	2014	2013	2012	2011
Loss ratio (%)	28	26	20	21
Expense ratio (%)	25	25	28	26
Combined ratio (%)	53	51	48	47

However, after considering commission on reinsurance ceded along with net premium and expenses of management including amount not applicable to any Fund or Account, overall performance (loss & expenses ratio) of the company shows much better performance and represent the company like one of the industry leader.

Management Expense

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. Total actual management expense excluding agency commission (management expenses + advertisement & publicity + other expenses) was BDT 309.94 million for FY 2014 whereas the management was allowed to spend BDT 306.58 million (excluding agency commission), which was only BDT 3.36 million higher of the allowable limit. Though comparing to FY 2013 this performance has slightly deteriorated but still the company has great control over the management expenses performing better than average industry practice. It is also noted that, in FY 2014 agency commission of the company was within 15% of relevant gross premium of all classes of insurance as required by IDRA regulation except miscellaneous insurance which only was 0.40 percentile points higher than 15%. Operating expense as % to gross premium has remained more or less same over the last three financial years. It was also noted that, gross premium & net premium of the company has increased over the last four financial years and the company has controlled its operating expenses efficiently during this growth phase.

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2014	2013	2012	2011
Actual management expense (excluding agency com.)	309.94	268.80	269.36	232.41
Allowable management expense (excluding agency com.)	306.58	269.38	242.57	232.72
Excess management expense	3.36	-	26.79	-
Agency Commission	318.71	274.63	271.21	306.78

Profitability

PICL earns profit from different sources where, underwriting surplus is the main sources of revenue of PICL and representing 68.52% of total net income in FY 2014. Investment income is another source of income of the company and representing 31.48% of total net income in FY 2014.

It was observed that, marine insurance is the most profitable sector of the company's underwriting business and represents 77.35% of total underwriting result during FY 2014. Motor insurance is another significant source of underwriting surplus and represents 45.59% of total underwriting result during that financial year. It was also noted that, fire insurance account continues as loss making sector of the company over the years and in FY 2014, loss from fire insurance account represents 21.33% of total underwriting surplus of that financial year. Miscellaneous insurance sector of the company was another loss making sector of underwriting surplus in FY 2014.

The investment income consists of interest on FDR, STD A/C & Treasury bond and dividend income. Interest on FDR represents almost 81% of investment income & 25% of total net income of the company. Dividend income is another significant source of investment income and represents 14% of investment income.

Net profit after tax as a percentage of net premiums (Net Profit %) has been deteriorated in FY 2014 due to fall in underwriting result in that financial year. Consequently, Return on assets (ROA) & Return on Equity (ROE) of the company has also declined in that financial year.

Selected Indicators

	Year Ended Dec. 31			
	2014	2013	2012	2011
Net profit (%)	10%	15%	16%	14%
Return on assets (%)	12%	15%	16%	13%
Return on equity (%)	7%	11%	13%	12%

Claim Management

PICL settled a total of BDT 458.23 million in FY 2014 which was 43.70% of initiated claim in that financial year whereas it was 83.37% of respective initiated claim in FY 2013. However, total number of claim settled in FY 2014 was 1,208 whereas it was 1,267 in number in FY 2013. As on 31 December, 2014 total number of 74 claims was in work in progress which represents total amount of BDT 584.71 million. However, management of the company informed that, In the meantime Tk.480 million (out of BDT 584.71 million) has already been settled.

The management also informed that average settlement period of the company is well below than the regulatory requirement of 90 days.

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2014	2013	2012	2011
Claim Initiated	1,048.53	2,415.88	820.06	401.89
Claim Settled	458.23	2,014.09	571.27	335.91
Claim Repudiated	5.69	9.90	3.89	2.03
Number of claim Initiated	1,292	1,275	1,071	963
Number of claim Settled	1,208	1,267	1,064	959
Number of claim Repudiated	10	8	7	4

Investment Profile

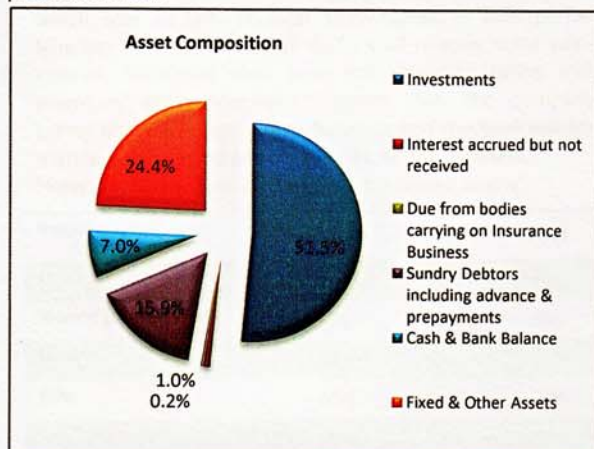
PICL has well diversified investment portfolio including Bond, Share & Deposit. Level of investment of the company has also increased over the years and it has grown to BDT 1,172.11 million in FY 2014 from BDT 1,154.23 million in FY 2013. The company maintained statutory requirement of investing BDT 25.00 million in Bangladesh Govt. Treasury Bond (ID is PICLMTBL) effective from 11/3/2013.

The company has also enhanced its fixed deposit value in FY 2014 and which remained 69% of total investment. Investment in stock market is another significant area of investment and the company regularly received dividend from this investment. However, as per relevant International Financial Reporting Standard (IFRS7) Investment in share (financial Instrument) should measure at market value (BDT 668.42 million) but as on 30 December, 2014 the company shows its investment in share at historical cost (BDT 337.07 million). Though, total market value of stock investment was much higher than total cost value but the company made a provision of BDT 12.52 million with the consideration of individual investment value.

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2014	2013	2012	2011
Total Investment	1,172.11	1,154.23	1,181.24	904.98
Investment income as % of total income	31.48	27.14	33.52	49.91
Yield on investment (%)	8.92	8.23	9.24	13.62

However, total assets composition scenario of the company has presented below:



Liquidity Analysis

Most of the assets of PICL are in the form of liquid assets in order to pay off the claims or other short term needs. The overall liquidity position of the company was found to be more or less static during the FY 2014 comparing with the previous year. However, overall cash surplus (cash at Bank & Hand/ total assets) position of the company has slightly deteriorated in FY 2014 & FY 2013 comparing to FY 2012 mainly due to increasing level of investment in fixed assets (especially office space & motor vehicle). Current asset of the company has increased by only 0.20 times in FY 2014 comparison to the FY 2011, whereas, fixed assets of the company has increased by 4.48 times. Current asset to net claim ratio has deteriorated in FY 2014 & FY 2013 mainly due to higher net claim paid out.

Current liability to total liability of the company remained the same over the last three periods as the company does not have any non-current liability. Cash and bank balance to total assets position of the company has decreased over the years. Operating cash flow position of the company deteriorated in FY 2014 compared to that of FY 2013; as a result, operating cash flow to net claim paid out has also declined. This downfall in operating cash flow has mainly triggered by payment against management expenses, re-insurance, claims & others.

Selected Indicators

	Year Ended Dec. 31			
	2014	2013	2012	2011
Current ratio (times)	2.68	2.65	3.28	2.67
Current asset/net claim (times)	3.99	4.40	7.04	6.11
Current liabilities/total liabilities (%)	100	100	100	100
Cash & bank balance/total assets (%)	43	45	53	53
Operating cash flow/net claim paid out (%)	76	139	82	202
Operating Cash Flow	261.16	394.49	161.44	375.67

Reinsurance Utilization

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 insurer whether in or outside Bangladesh.

As per PICL's latest treaty (2014-2015) agreement, proportional treaty retention limit for the fire surplus class is BDT 25.00 million, marine cargo surplus BDT 25.00 million and marine hull surplus BDT 5.00 million, engineering surplus BDT 13.75 million and under non-proportional treaty, fire & engineering combined (risk XL Treaty 1st to 3rd layers) retention limit is BDT 2.50 million, marine cargo (risk XL Treaty 1st to 3rd layers) BDT 1.00 million, mis. (risk XL Treaty 1st to 5th layers) BDT 2.00 million, fire, marine cargo, engineering & mis. combined (CAT XL Treaty 1st to 3rd layers) BDT 5.00 million and motor risk & CAT XL treaty 1st to 4th layers BDT 1.00 million.

It has been found that PICL is in line with the existing regulation, takes 50% reinsurance coverage from SBC while rest is reinsured with other insurer whether in or outside Bangladesh. It is to be noted that, lead overseas reinsurer is Malaysian Reinsurance (Malaysia) and other overseas reinsurer are Trust Reinsurance (Bahrain), Labuan Reinsurance (Malaysia), Sampo Japan Reinsurance Co. Ltd. (Malaysia), Asian Reinsurance (Thailand), National Reinsurance (India), Pata Reinsurance (Africa), ARIG Reinsurance (Bahrain) and Royal Reinsurance Corporation of Bhutan.

Total sum insured in 2014 was reported at BDT 1,461.49 billion and re-insurance coverage was BDT 487.89 billion which was 33.38% of total sum-insured in that period whereas in FY 2013 it was 49.92% of relative total sum-insured. Individual class wise risk retention ratios (net premium/ gross premium) suggests that, the company taking higher risk for motor business and medium risk for marine & mis. whereas very low risk for fire business. However, three years scenario has presented below:

Business Class\ Year	2014	2013	2012
Fire	20%	21%	21%
Marine (Hull & Cargo)	57%	58%	63%
Motor	99%	99%	97%
Mis.	60%	54%	23%
Total (Average)	59%	58%	51%

Reserve Adequacy

PICL regularly maintained the reserve for un-expired risk as required, 100% of the net premium income for marine/aviation hull insurance and 40% for all other business classes. The company also maintained reserve for exceptional losses, in FY 2014 the reserved has increased to BDT 523.21 million which is 22.29% higher than previous year and represent 10% of net premium income of the year excluding marine hull & aviation since 100% reserve their against have been made for unexpired risk.

Reserve for exceptional losses represent 1.54 times of net claim in FY 2014 which was 1.51 times in FY 2013, suggesting the company's unexpected events absorbing capability remains same as previous year.

Solvency Analysis

Total equity base of the company rose to BDT 1,339.99 million in FY 2014 from BDT 1,190.12 million in FY 2013. This growth in equity has triggered by cumulative profit and reserve for exceptional losses & others.

AlphaRating has observed that, the solvency position of the company is satisfactory and in FY 2014 solvency ratio is 4.92. In FY 2014, PICL's available solvency was BDT 1,342.91 million despite the required solvency was BDT 272.90 million which means the value of adjusted assets was more than the value of adjusted liabilities in that particular period. So, the available solvency was 4.92 times higher than required solvency.

Selected indicators

BDT in millions	Year Ended Dec. 31		
	2014	2013	2012
Available Solvency (AS)	1,342.91	1,143.58	91.84
Required Solvency (RS)	272.90	240.12	217.87
AS/RS (times)	4.92	4.76	4.21

Management & Other Qualitative Factors

Capital Adequacy

Statutory capital requirement of non-life insurance companies is BDT 400.00 million of which 60% must be provided by the sponsors and remaining 40% shall be opened to be demonstrated by the public.

Though there is no strict time limit of this capital adequacy requirement for existing insurance companies but the board of PICL is fully concerned about the requirement and complies with that since 2013. As on 31 December, 2014 paid up capital of the company is BDT 508.95 million.

Board Committees

For smooth functioning of the company, the board has constituted committees. The committees are responsible and accountable for the efficient operation of various aspects of the company.

- Capital Structure Committee
- Budget Committee
- Audit Committee
- Remuneration Committee
- External Committee
- Standing Committee

Credit Committee

Credit Committee started since 2013. The committee consists of five members and during the year 2014 total number of 8 meetings held by committee.

Branding Committee

The committee works with other members to ensure the branding strategy of the company.

Budget Committee

The committee is responsible to prepare the budget for the company. The committee consists of five members and during the year 2014 total number of 8 meetings held by committee.

The committee is responsible for the smooth functioning of the company. The committee is working in accordance with the guidelines provided in the constitution of the company. The committee is responsible for the efficient operation of various aspects of the company.

The committee is responsible for the smooth functioning of the company. The committee is working in accordance with the guidelines provided in the constitution of the company. The committee is responsible for the efficient operation of various aspects of the company.

Human Resource

The company believes that quality of human resources is the key to a productive and performance oriented work culture. The company is aware of the importance of creating a performance based and transparent work environment. During the year 2014, the company has provided various facilities to its employees.

Management & Other Qualitative Factors

Composition of the Board

The composition of the Board complies with the requirements as per rules of IDRA & notification of BSEC. The Board comprises of 15 directors including 3 Independent Directors. All of them are professionally skilled and experience in the management, law and business. The board is chaired by Mr. A. K. M. Rahmatullah, MP. The company also complied with the Bangladesh Securities and Exchange Ordinance 1969's requirement of at least 1/5th of the total number of directors should be Independent Director. During 2014, Board of Director held seven meetings.

Board Committees

For smooth functioning of the company, PICL formed various committees are comprised of Senior Executives. Each committee is responsible and accountable for the effective operation of their assigned business area.

- Claims Settlement Committee
- Budget Committee
- Audit Committee
- Investment Committee
- Calendar Committee
- Branding Committee

Claims Committee

Claim Committee approved claim more than BDT 5.0 Lac. The committee consists of five member and during the FY 2014 total number of 6 meeting held by committee.

Branding Committee

The committee work with three members for creating differentiate product for the company.

Budget Committee

The committee established to analysis yearly income, expenditure, capital budget and considers the same for approval of the board. The committee consist of five members.

Calendar Committee

The committee draws the guideline of printing of calendar.

Investment Committee

The committee consists of three members and during the FY 2014 total two meeting held by the committee.

Audit Committee

The audit committee comprises of non-executive member of the board. The committee is acting in accordance with the guidelines provided in the notification dated 7th August, 2012 of BSEC. None of the independent director is serving more than 3 (three) listed companies and tenure of the independent director complies with the policy laid down by the Bangladesh Securities and Exchange Commission.

The committee operates according to the term and condition of the Board and BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and subsequently amended notification no SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013.

Human Resource

The company believes that quality of human resources is the key to a productive and performance oriented work culture. PICL strive to ensure employee satisfaction by creating a performance based and transparent work environment. During the last three years staff turnover pictured of the company has presented below:

Year	Recruited	Left	Turnover Ratio (recruited/left)
2012	85	32	2.66
2013	67	40	1.68
2014	72	42	1.71

IT Infrastructure & Its Utilization

The company has international certified trained personnel in IT sector to assure smooth operating of the company. The company also provided training to enrich the knowledge & quality of its IT department. The company has realized the necessity of ICT security policy and already developing the system. This system will bring efficiency in term of time & cost for the company. Following is the list department which are beneficiary of ICT security policy: Underwriting Department, Accounts, Re-insurance, Share and HR. Current the company using Personal management Software which help the company to keep all record of the employees.

Internal Control

The company has an internal control department headed by a senior deputy general manager, who worked under the supervision of chief executive officer. The In-Charged of internal audit regularly visit various branches and examines whether branch operation are being carried out as per rules & regulation of the company. Then submit the report with findings to the chief executive after inspection of each branch. BC & MIS department also examines all insurance documents. On examination of reports submitted by Internal Audit, BC & MIS department management takes proper initiative to solve those issues.

Corporate Governance

Good corporate governance a transparent, efficient and effective system of decision making. It has been the company's endeavor to excel through better governance. PICL believes in two basic principles of corporate governance i.e.: transparency and disclosure. Audit committee of the company consist of non-executive director & 1/5th of the board consist of non-executive director in compliance with the guide line of BSEC's notification. The company also complies with the all other conditions imposed by BSEC's Notification on Corporate Governance.

End of the Report

Company Information: (AS ON 31-12-2014)**Board of Director & CEO**

A.K.M. Rahmatullah, MP	Chairman
M Anis Ud Dowla	Director
Tapan Chowdhury	Director
Syed Nasim Manzur	Director
Alamgir Shamsul Alamin	Director
Shusmita Anis	Director
Syed Abdus Sobhan	Director
M. A. Majed	Director
Fahama Khan	Director
Sanchia Chowdhury	Director
Parveen Akhter	Director
Rozina Afroze	Director
Abdul-Muyeed Chowdhury	Independent Director
A Matin Chowdhury	Independent Director
Captain A B Tejul Islam (Retd.),MP	Independent Director
Q. A. F.M. Serajul Islam	Managing Director & CEO

Major Shareholders

Sponsors Directors	65.64%
Institutional	17.43%
Individual	16.93%

Auditor

ARTISAN
Chartered Accountants
BSEC BHABAN (LEVEL-10)
102, KAZI NAZRUL ISLAM AVENUE
KAWRAN BAZAR, DHAKA-1215, BANGLADESH
Phone: +88 02 8189883-7
Email: info@artisan-ca.com

Company Information: (AS ON 31-12-2014)**Board of Director & CEO**

A.K.M. Rahmatullah, MP	Chairman
M Anis Ud Dowla	Director
Tapan Chowdhury	Director
Syed Nasim Manzur	Director
Alamgir Shamsul Alamin	Director
Shusmita Anis	Director
Syed Abdus Sobhan	Director
M. A. Majed	Director
Fahama Khan	Director
Sanchia Chowdhury	Director
Parveen Akhter	Director
Rozina Afroze	Director
Abdul-Muyeed Chowdhury	Independent Director
A Matin Chowdhury	Independent Director
Captain A B Tejul Islam (Retd.),MP	Independent Director
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Email: info@artisan-ca.com

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

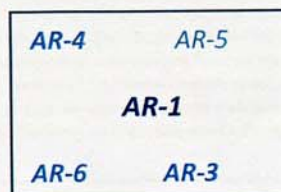
It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

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

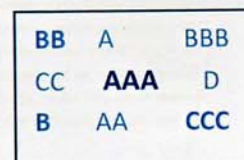
- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

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.



AR-1	Strong Capacity
AR-2	Good Capacity
AR-3	Adequate Capacity
AR-4	Weak Capacity
AR-5	Very Weak Capacity
AR-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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