

AlphaRating

Pioneer Insurance Company Limited

(Rangs Babylonia (5th Floor), 246, Bir Uttam Mir Shawkat Sarak, Tejgaon, Dhaka-1208)

(Non-Life Insurance)

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17 December, 2020

Chief Executive Officer

Pioneer Insurance Company Limited

**Rangs Babylonia (5th Floor), 246, Bir Uttam Mir Shawkat Sarak
Tejgaon, Dhaka-1208.**

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	Rating Action	Long Term Rating	Short Term Rating	Outlook
17 December, 2020	16 December, 2021	Surveillance	AAA	ST-1	Stable

The long term & short term rating is valid up to the earlier of 16 December, 2021. 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,



Mainul Islam Chowdhury FCCA
Chief Operating Officer

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

Pioneer Insurance Company Limited**AAA** Long Term Rating**ST-1** Short Term Rating**Stable** Outlook**Date of Declaration** 17 December, 2020**Valid Till** 16 December, 2021**Rating Action** SurveillanceBusiness Risk
HighLiquidity
GoodProfitability
GoodSolvency Score
GoodCapital Adequacy
ExcellentSector
Non-life

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

Previous Rating

Long Term Rating: **AAA**Short Term Rating: **ST- 1**Outlook: **Stable**Date of Declaration: **18****December, 2019**Valid Till: **17 December, 2020**

Contact Analysts

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Date of Incorporation:

25th March, 1996

DSE & CSE Listing:

23rd July, 2001

Board Chairman:

Mr. A.K.M. Rahmatullah,
M.P.

Chief Executive Officer:

Mr. Tarik Ur Rahman

Total Asset:

BDT 4,697.99 million

Authorized Capital:

BDT 1,000.00 million

Paid up Capital:

BDT 699.81 million

AlphaRating reaffirms long term rating “AAA” (pronounced as “Triple A”) and short term rating “ST-1” on claim paying ability (CPA) of Pioneer Insurance Company Limited (Hereinafter referred to as ‘PICL’ or ‘the company’). The rating is based on audited financial statement of 31st December, FY 2016 to FY 2019 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, good claim settlement period within 20 days, good expense management which has led to positive gap between allowable and actual expenses, less than 100% combined ratio, increased underwriting profit, adequate paid up capital amidst strong capital structure, improved net profit margin along with ROA & ROE, increase in investment income along with yield on investment, good liquidity position, improved 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 loss from fire insurance revenue account, decline in solvency ratio, decline in total investment etc. The rating also considers inherent business risks, unhealthy competition between the competitors and level of sophistication of the domestic insurance market.

	2019	2018	2017	2016
ROA (%)	9.58	7.75	8.54	8.79
Net Profit margin (%)	18.75	16.34	17.69	16.73
ROE (%)	11.08	8.48	8.23	8.06
Combined Ratio (x)	80.91	83.67	89.74	104.74
Current Ratio (x)	3.19	3.29	3.21	3.10
Yield on Investment (%)	3.38	3.14	5.66	4.98
Solvency ratio (x)	5.92	7.09	7.21	5.73
Gross premium (BDT in million)	3,222.33	3,011.61	2,660.36	2,504.33
Net premium (BDT in million)	1,823.21	1,635.97	1,357.75	1,066.00
Net Claim (BDT in million)	567.35	498.74	452.48	421.78
Investment (BDT in million)	2,717.61	2,757.37	2,481.42	1,845.50
Underwriting Profit (BDT in million)	392.76	284.49	221.83	198.16
Excess of Mgt. Exp. (BDT in million)	(330.47)	(316.36)	(18.91)	(22.08)
Operating Cash Flow (BDT in million)	383.35	334.76	206.07	49.25
Fixed Deposit (BDT in million)	1,132.54	939.66	814.47	760.67

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.


Mainul Islam Chowdhury FCCA
Chief Operating Officer
Alpha Credit Rating Limited

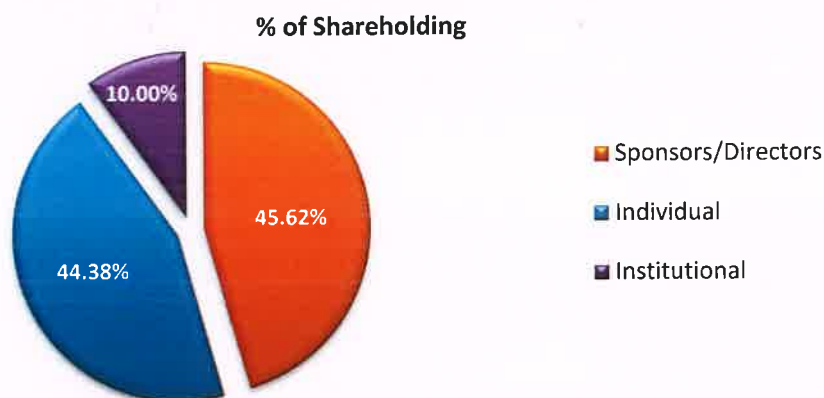
Company Profile

Pioneer Insurance Company Limited is a second generation private sector Non-life insurer in Bangladesh. The company was established in 25th March, 1996 and since its establishment Pioneer Insurance Company Limited has maintained its presence as the most prominent company launching innovative products and new plan in the non-life insurance industry of Bangladesh. The company is a public limited company by shares and operating successfully in both the stock exchanges of the country. The company carries its insurance activities through head office along with 40 branches spread across the country covering major financial centers of Dhaka, Chittagong, Khulna, Sylhet, Barisal, Rangpur & Rajshahi Division with the assistance of more than 432 employees.

The board of PICL has last issued 10% stock dividend in FY 2015 (25% 2014, 20% 2013, 20% 2012, 30% 2011, 25% 2010 & 25% 2009) along with 20% cash dividend in FY 2019 (15% 2018, 15% 2017, 15% 2016 & 15% 2015) and 1 right share for 5 share in FY 2011. PICL is active member of capital market having BDT 5,535.467 million market capitalization on 11 November, 2020. According to DSE, market share of the company is categorized as "A".

Ownership Pattern

The shareholding pattern of the company as on 30 October, 2020 is presented below:



Shareholding position of PICL is as follow:

Name of Shareholder	Number of share
Sponsors/Directors	31,924,260
Individual	31,058,303
Institutional	6,998,062
Total	69,980,625

Principal Product

In FY 2019, 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 23 districts with 40 branches.

1. Fire Insurance:

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

3. Motor Insurance:

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

5. Engineering Insurance

1. Contractors All Risks Insurance (CAR)
2. Erection All Risks Insurance (EAR)
3. Machinery Loss of Profit Insurance (MLOPI)
4. Deterioration of Stock Insurance (DOS)
5. Power Plant Insurance
6. Lift, Escalator & Hoisting Equipment Insurance
7. Contractors Plant & Machinery Insurance (CPM)
8. Machinery Insurance (MB)
9. Electronic Equipment Insurance (EEI)
10. Energy Risks Insurance (Offshore & Onshore)
11. Boiler & pressure Vessels Insurance

2. Marine Insurance:

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

4. Aviation Insurance

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

6. Miscellaneous Insurance

1. All Risks Insurance
2. Cash/ Property in Premises Insurance
3. Money/ Cash in Transit Insurance
4. Cash in ATM Insurance
5. Burglary Insurance
6. General/ Public Liability Insurance
7. Comprehensive General Liability Insurance
8. Employers Liability Insurance
9. Products Liability Insurance
10. Professional Indemnity Insurance
11. Directors & Officers Liability Insurance
12. Personal Accident Insurance
13. People's Personal Accident Insurance
14. Overseas Medi-claim Insurance
15. Cellular Mobile Phone Insurance
16. Fidelity Guarantee Insurance
17. Hold in One Golf Tournament Insurance
18. Neon Sign Insurance
19. Plate Glass Insurance
20. Rubber Plantation Insurance
21. Safe Deposit Box (Bank Lockers) Insurance
22. Group Hospitalization Plan Insurance
23. Abandonment of Cricket Match Insurance
24. Air Travel Insurance
25. Credit Card Holder Insurance
26. Poultry Insurance

Industry Overview

Snapshot of Bangladesh's insurance industry

Currently, Bangladesh's insurance sector comprises 46 general insurance companies and 32 life insurance companies. In addition, there are two state-owned insurance corporations—one in the general segment and the other in the life segment.

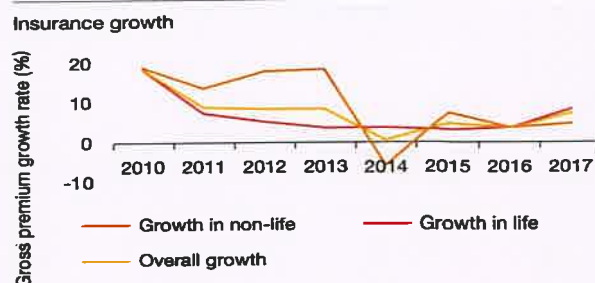
According to a sigma report of the Swiss Re Institute, as of 2017, the gross premium volume of life insurance in Bangladesh stands at USD 974 million and that of non-life stands at USD 371 million. Figure 1 depicts the year-on-year growth. Life insurance constitutes 73.5% of Bangladesh's insurance market and non-life insurance, 26.5%.

Micro-insurance and Islamic insurance (takaful) are also a part of Bangladesh's insurance sector. In 2017, 2.20 million new life and 2.36 million and new non-life insurance policies were issued. Further, the number of active life insurance policies was 10.78 million in 2017. The assets of all insurance companies in Bangladesh stood at USD 5,810.61 million by the end of 2017, with an average growth rate of 13.83% from 2009. Investments in both life and non-life insurance companies have grown at an average rate of 14.95% during 2009-2017, with returns increasing from 8% to 11.5% during the same period. The life insurance sector has a competitive landscape, with market share being closely distributed among multiple players.

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. Overall, insurance penetration (insurance premiums as a share of GDP) in Bangladesh was 0.55% in 2017 and has mostly been on a downward trend since 2009 (see Figure 2). Figure 3 indicates that Bangladesh's life insurance penetration rate falls behind that of several other developing countries. Compared to its South Asian counterparts, Bangladesh has the lowest premium per capita. In emerging markets, the average per capita spending on insurance increased by 13% to USD 166 in 2017. The average insurance penetration in emerging markets increased to 3.3% in 2017 (2016: 3.2%), as premium growth continued to outpace GDP growth within these economies. Egypt, like Bangladesh, is one of the countries featured on Goldman Sachs' Next Eleven (N-11), and has been implementing regulatory reforms.

Figure 1: Growth of Bangladesh's insurance sector



Source: Bangladesh Insurance Association 2017 Annual Report

Figure 2: Trend of insurance penetration in Bangladesh

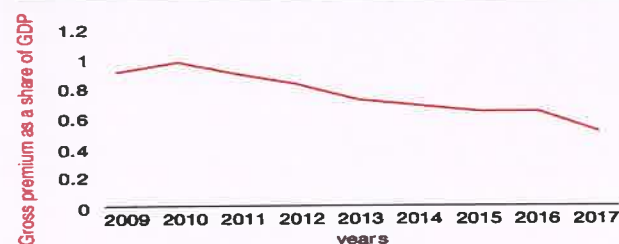
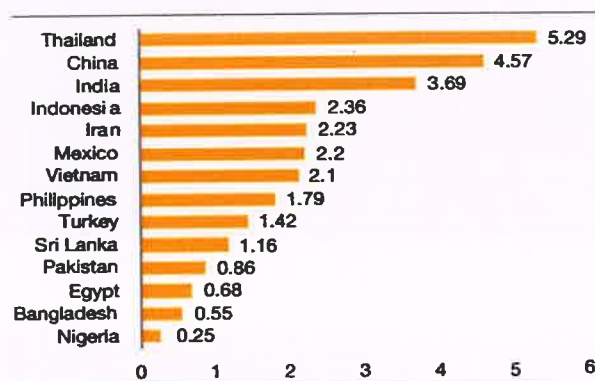
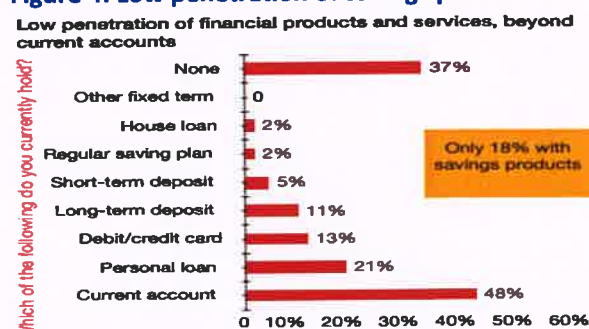


Figure 3: Insurance Penetration: Premiums as a percentage of GDP- 2017



Source: Swiss Re Institute (2018)

Figure 4: Low penetration of savings products



Source: PwC analysis

These reforms have helped Egypt strengthen its insurance sector significantly, as evidenced by the growth of its insurance density premium per capita from USD 8 in 1999 to USD 16 in 2017. Across the financial sector, there is low penetration of financial products and services beyond current accounts (see Figure 4). Among all financial products, savings products account for a mere 18%.

Challenges and Opportunities

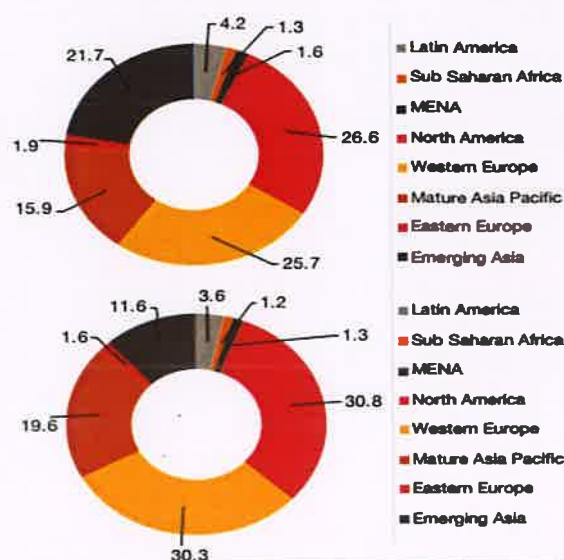
Key challenges

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 recent 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.

Favorable indicators for insurance sector development

Bangladesh sustained an impressive annual GDP growth rate of 7.86% in FY 2017-18 according to the Bangladesh Bureau of Statistics (BBS). Bangladesh's GDP growth rate has been increasing steadily for the last five 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.

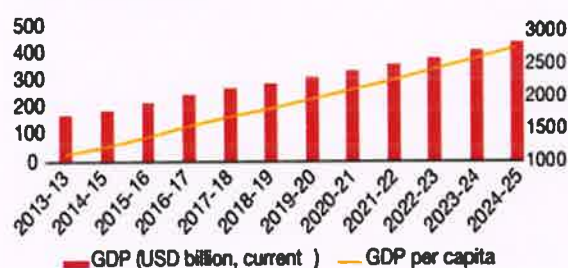
Figure 5: Emerging Asia is projected to capture much of the growth in life insurance premiums



Source: Munich Re (May 2016)

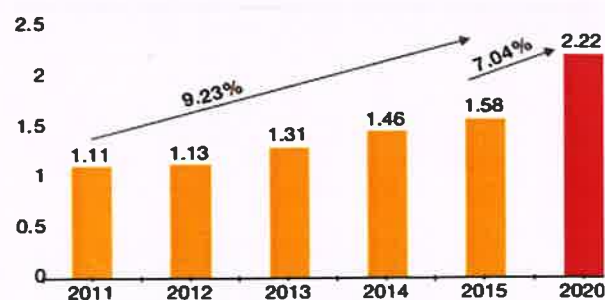
Figure 6: Bangladesh's economy has seen steady growth

GDP forecast till 2025



Source: PwC analysis

Figure 7: Bangladesh's insurance sector is projected to grow by 7.04% by 2020 (in terms of premiums)



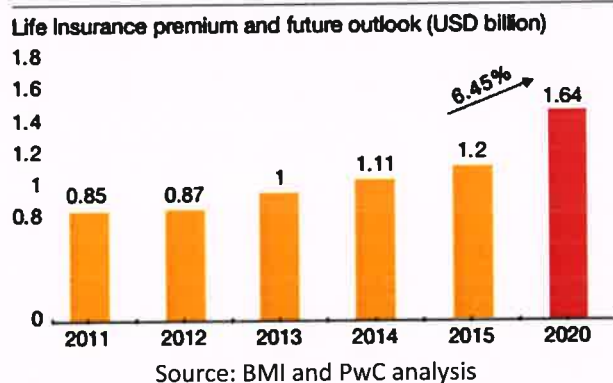
Source: BMI and PwC analysis

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 5).

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 6).

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 shown in Figure 7, insurance penetration in Bangladesh is expected to grow at 7.04% and be worth approximately USD 2.2 billion (in terms of insurance premiums) by the year 2020.

Figure 8: Growth forecast for the life insurance sector



The life insurance sector is projected to grow by 6.45% and be worth around USD 1.64 billion (in terms of premiums) in 2020 (Figure 8). 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.

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

Business Risk Analysis

Business Risk

PICL controls its business risks arising from different types of underwriting policies, underwriting professionals at branch level with the help of guideline of IDRA. The company has decentralized its underwriting functions and delegated powers to its zonal offices and branches for rendering prompt, efficient and effective services to the clients. Risks involved with policies are assessed by underwriting officers of the respective branch for underwriting policies up to a specific limit of sum insured, beyond which risk assessment of different policies are done by internal Risk Inspection Team. It has been found that PICL handles its business risks arising from different types of underwriting policies, underwriting professionals at branch level by providing them specific instruction and guidelines from the Head Office over the period of time. The company has decentralized its underwriting functions and delegated powers to its zonal offices and branches for rendering prompt, efficient and effective services to the clients.

It has been noted that the company always concentrate on fire insurance business in terms of gross premium. In FY 2019 gross premium received from fire business represented 46.95% of total gross premium whereas in FY 2018 it was 45.87% of total gross premium. Another significant business sector is marine insurance, which represented 29.91% of total gross premium while motor & miscellaneous insurance held only 10.20% & 12.94% of total gross premium whereas in FY 2018 it was 31.05% (marine), 10.93% (motor), and 12.15% (Misc.) of total gross premium respectively. However, it was also noted that, marine & motor insurance was the most profitable sector for the company over the financial years. The company should focus on generating more underwriting profit to offset the business risk to some extent.

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 committee that assist in maintaining financial discipline and management of the company. Audit committee is consisted with 3 directors. This internal audit committee is responsible for examination and review of the balance sheet along with financial statement of the company submitted by its auditor. The company maintains central compliance unit to chase the compliance issues. The main purpose is to look at the compliance issues as per the provisions of the Insurance Act, directives of the Board and Chief Executive Officer.

Socio-political-economic Risks

Political instability is a major problem in Bangladesh. The risk arises out of changes in the country's political, social and economic environment which negatively impacts on the overall employment, savings and thus investment of the country. 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. The company has cautious approach to deal with such risks.

Interest Rate Risk

Interest 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 held by PICL. Interest Income of PICL is a significant portion of total income. 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 secondary market 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 investment fund will also decline. Thus the company should more concentrate on traditional business in order to minimize any loss/reduction of income arises from the investment already made.

Liquidity Risk

Liquidity risk is the risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. 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 the company manages its liquidity by ensuring sufficient liquidity to meet its claims and other liabilities when due under both normal & stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

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 2019.

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. PICL is one of the top three companies in terms of gross premium. As a result, an intense competition exists between big industry players. To be competitive in the market, PICL needs to be more focused to develop new products and offer excellent clientele service. Moreover, the company also needs to expand its market otherwise the competitors may take over its business.

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 insurance companies have been raised to BDT 400.00 million.

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.

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

Insurance/Actuarial Risk

The risk under an insurance contract is that an insured event may 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 claim, actual benefits paid being greater than originally estimated subsequent development of long-term claims.

PICL reduces this risk with the help of underwriting team, Government Licensed surveyors who undertakes pre-insurance surveys of large and complicated risk. The company manages these risks through its underwriting strategy, adequate reinsurance arrangements & proactive claims handling. Underwriting team of the company consist of four key members, all member are well experienced 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 companies that also help the company to pay off its claims.

Human Resource

Human resource risk arises in many forms. Not having the right person in place and with required skills needed to compete is two of those risks. Companies with an ageing workforce are even at more risk.

It is noted that, insurance industry of Bangladesh needs to transform. Lack of frequent training from developed nations' results into information gap and under development of the sector.

PICL is one of the top three companies in terms of gross premium & is continuously trying to retain to hold the position. Recruitment of energetic, qualified professionals is expected to gear up the business.

Financial Risk Analysis

Underwriting Process & Quality

Revenue from underwriting is the prime source of income of PICL. 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 2019, gross premium of the company has increased to BDT 3,222.33 million and net premium has increased to BDT 1,823.21 million whereas in FY 2018 gross premium was BDT 3,011.61 million and net premium was BDT 1,635.97 million. This shows that the company has higher premium collection than previous year. Moreover, total underwriting profit was BDT 392.76 million in 2019 against BDT 284.49 million in 2018.

Selected Indicators

(Without considering commission on reinsurance ceded)

	Year Ended Dec. 31			
	2019	2018	2017	2016
Loss ratio (%)	31.12	30.49	33.33	39.57
Expense ratio (%)	49.79	53.19	56.42	65.17
Combined ratio (%)	80.91	83.67	89.74	104.74

Underwriting performance is measured by combined ratio which consists of loss & expense ratio. Combined ratio less than 100% reflects an underwriting profit. Loss ratio of PICL has increased in FY 2019 by 0.63 percentile points and reported 31.12%. The ratio was impacted negatively by higher increase in net claim compared to net premium during the year. On the other hand controlled management expense as well as increased net premium has impacted the Expense ratio positively. The ratio has decreased and reported 49.79% in 2019. Consequently, combined ratio was reported 80.91% which is lower than 100% threshold representing an underwriting profit in the relevant year.

Selected Indicators

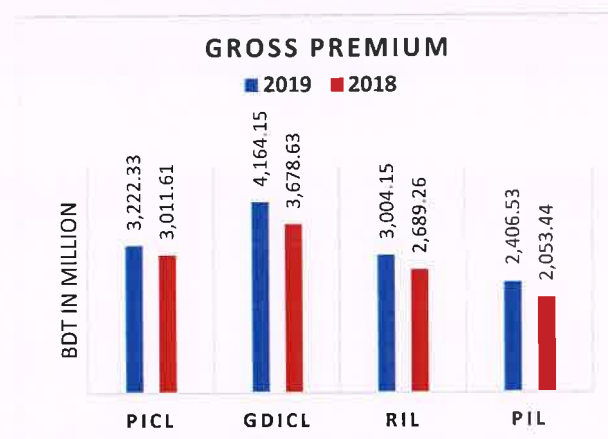
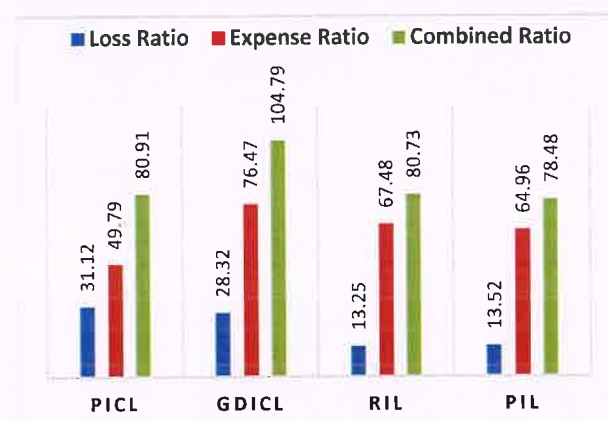
(After considering commission on reinsurance ceded)

	Year Ended Dec. 31			
	2019	2018	2017	2016
Loss ratio (%)	29.31	28.43	29.48	32.13
Expense ratio (%)	46.90	49.60	49.91	52.92
Combined ratio (%)	76.22	78.03	79.39	85.05

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 PICL with other private sector company. In FY 2019, it is noticed that the performance of PICL is in line with the performance of peer in term of expense & combined ratio but loss ratio seems high compared to other peer. Moreover, while analyzing the gross premium of PICL, it has been observed that the growth of gross premium for PICL was 6.99% which is lower compared to other peer.



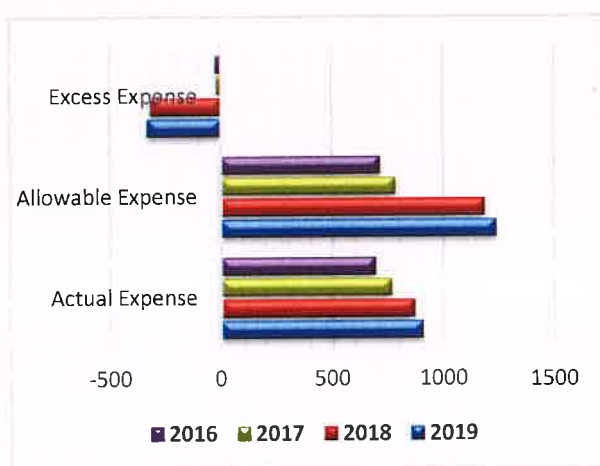
PICL= Pioneer Insurance Company Limited
 GDICL= Green Delta Insurance Company Limited
 RIL= Reliance Insurance Limited
 PIL= Pragati Insurance Limited

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. It has been noticed that, PICL was able to keep the actual management expense within the allowable limit. As per given guideline PICL's allowable management expense was BDT 1,238.31 million whereas total actual management expense was BDT 907.84 million in FY 2019, which has resulted in spare allowable management expense of BDT 330.47 million. PICL has incurred almost 73.31% of its allowable management expense in FY 2019.

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2019	2018	2017	2016
Actual management expense	907.84	870.11	766.02	694.75
Allowable management expense	1,238.31	1,186.47	784.93	716.83
Excess management expense	(330.47)	(316.36)	(18.91)	(22.08)
Actual mgt. exp. as % of allowable exp.	73.31	73.34	97.59	96.92
Operating Expenses as a % of Gross Premium	1.38	1.28	1.97	1.92



According to IDRA, agency commission must be within 15% of its premium of all classes of insurance. PICL incurred BDT 444.08 million as agency commission in FY 2019 against the gross premium of BDT 3,222.33 million. So, the agency commission was 13.78% of gross premium which was within the prescribed limit set by the authority.

Claim Management

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2019	2018	2017	2016
Claim Initiated (BDT in million)	1,009.99	1,344.25	843.71	1,955.91
Claim Settled (BDT in million)	874.35	622.30	546.77	809.26
Claim Repudiated (BDT in million)	-	-	-	-
Number of claim Initiated	1,120	1,195	1,377	1,355
Number of claim Settled	1,058	1,164	1,107	1,083
Number of claim Repudiated	-	-	-	-

During FY 2019, the company has settled 1,058 claim worth of BDT 874.35 million, whereas initiated claim was 1,120 worth of BDT 1,009.99 million. Both number of initiated and settled claims has declined during the year. It has been observed that, during FY 2019 PICL has settled 94.46% claim of total initiation. Moreover, there was no claim repudiated in last four which states company's loyalty towards their policy holder and good claim management by the company.

Average Claim Settlement Periods

In days	2019	2018	2017	2016
Motor	07	07	07	07
Marine	09	11	12	13
Fire	16	18	21	25
Miscellaneous	20	20	22	24

It has been observed that, PICL's claim settlement period is within 20 days in FY 2019. Moreover, the claim settlement period for marine & fire insurance has reduced to 09 days & 16 days respectively in FY 2019. The lower the time taken by the company to settle the claim, the better it is for the company's reputation, which can bring positive campaign for the company.

Selected Indicators

	Year ended Dec. 31			
BDT in millions	2019	2018	2017	2016
Total Claims	776.15	606.36	502.69	463.89
Claims paid during the year	468.72	397.56	395.08	413.67
Claims paid as % of total claims	60.39	65.56	78.59	89.17

Peer Comparison

Claim performance of the company in comparison with its industry peer, it has found that PICL's is behind from some other peer companies.



Profitability

Profitability position of the company has shown fluctuating trend over the last four years. PICL earns profit from different sources including investment income & underwriting profit. Underwriting profit is one of the main source of income for PICL comprising 81.06% of total income. However, total underwriting profit has increased by BDT 108.27 million in FY 2019 compared to BDT 8.86 million in FY 2018. PICL was able to generate higher underwriting profit from marine, motor & miscellaneous insurance as well as lower loss in fire insurance has supported the underwriting profit positively. It has observed that, loss in fire insurance has decreased to BDT 101.65 million in FY 2019 from BDT 141.77 million in FY 2018.

Other than underwriting, investment income (comprised of interest on FDR, interest on STD A/C, interest on treasury bond, dividend income, profit/loss on sale of shares & interest on house building loan) is another significant source of revenue for PICL comprising 18.94% of total income in FY 2019. It has observed that investment income has increased by BDT 5.22 million in FY 2019. During the year, most of the investment income comes from interest on FDR which has increased to BDT 77.29 million from BDT 58.71 million in FY 2018. Another portion of investment income for the company is dividend income, which has declined to BDT 9.03 million from BDT 22.60 million in FY 2018. Further analysis of PICL's investment income revealed that, during FY 2019 PICL has suffered from loss on sale of share of BDT 0.59 million.

In FY 2019, profit after tax of the company has increased to BDT 341.91 million which has increased by 27.87%. On the other hand, net premium of PICL has increased to BDT 1,823.21 million which has increased by 11.45% in FY 2019. The higher increase in profit after tax compared to increase in net premium has resulted to increase in net profit margin to 18.75% in FY 2019.

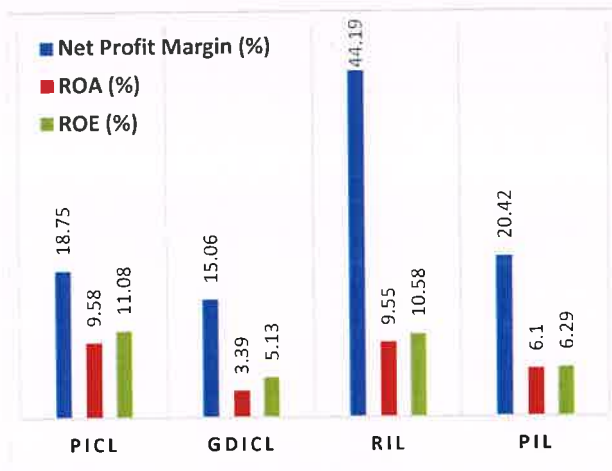
Selected Indicators

	Year Ended Dec. 31			
	2019	2018	2017	2016
Net profit margin (%)	18.75	16.34	17.69	16.73
Return on assets (%)	9.58	7.75	8.54	8.79
Return on equity (%)	11.08	8.48	8.23	8.06

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

Peer Comparison

Overall profitability performance of PICL has been improved in FY 2019. However, if the net profit of the company is compared with its peer group it has been observed that the company is lagging behind than that of peer group in terms of net profit margin. PICL should take more strategical steps to improve the profitability position in future years by ensuring greater market share & quality risk management.



Investment Profile

AlphaRating observed that PICL has diversified its investment in different sector including Govt. Treasury bond, investment in share & FDR etc. Total investment of the company has declined to BDT 2,717.61 million in FY 2019 from BDT 2,757.37 million in FY 2018. Level of investment of PICL over the last four financial years given below:

PICL's Investment Mix

	Year Ended Dec. 31			
BDT in millions	2019	2018	2017	2016
Investment in Govt. Security Bond	25.00	25.00	25.00	25.00
Investment in Shares & Securities	1,431.65	1,738.09	1,583.71	1,011.14
Short Term & Current Deposits	128.42	54.61	58.24	48.69
Fixed Deposit Account	1,132.54	939.66	814.47	760.67

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 since FY 2013. It has been noticed that, 52.68% of the PICL's investments comprise of investment in share and stood at BDT 1,431.65 million at market value. Further analysis revealed that market value of most of the companies share is higher than its cost value which indicates the efficient investment portfolio management. It has been observed that the company has maintained BDT 949.08 million as reserve for fair value of share in FY 2019. On the other hand, though PICL has reduced its investment in share but subsequently increased their investment in FDR & STD accounts. Investment in fixed deposit of the company has been increased to BDT 1,132.54 million from BDT 939.66 million and investment in STD & current account to BDT 128.42 million from BDT 54.61 million in FY 2019.

Selected Indicators

	Year Ended Dec. 31			
BDT in millions	2019	2018	2017	2016
Total Investment	2,717.61	2,757.37	2,481.42	1,845.50
Investment income as % of total income	18.94	23.32	38.75	29.96
Yield on investment (%)	3.38	3.14	5.66	4.98

Investment income as a % of total income has following a declining trend over the last three years and stood at 18.94% in FY 2019, which was 23.32% in FY 2018. The reason behind this fall is, investment income has increased by 6.03% whereas total income has increased by 30.59% in FY 2019. It is to mention that, PICL has incurred loss on sale of shares as well as interest on STD A/C & dividend income has declined during FY 2019. As the investment income has increased compared to declined investment, are the reason for slight improvement of yield on investment in FY 2019.

Liquidity Analysis

Selected Indicators

	Year Ended Dec. 31			
	2019	2018	2017	2016
Current ratio (times)	3.19	3.29	3.21	3.10
Current asset/net claim (times)	4.75	4.37	4.24	3.77
Current liabilities/total liabilities (%)	100.00	100.00	100.00	100.00
Cash & bank balance/total assets (%)	26.85	22.16	21.43	25.65
Operating cash flow/net claim paid out (%)	67.57	67.12	45.54	11.68
Operating Cash Flow	383.35	334.76	206.07	49.25

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 0.10 times and stood at 3.19 times in FY 2019 as PICL's current assets have increased by 23.78%, whereas current liabilities have increased at a higher rate by 27.56%. Current asset to net claim ratio has showing improving trend over the years and during FY 2019 the ratio stood at 4.75 times. Scrutiny reveals that the growth of net claim is below the growth of current assets and this situation has led the current asset to net claim ratio to improve in FY 2019.

Current liability to total liability of the company remained at 100% as there is no non-current liability. Cash and bank balance of PICL has increased over the years & during FY 2019 cash and bank balance has increased by 26.57% due to mainly increase in fixed deposits as well as short term & current deposits, whereas total assets grew by 4.49%, which led the cash & bank balance to total assets ratio to increase in FY 2019.

However, operating cash flow position of the company has increased by 14.51% in 2019 compared to FY 2018. As a result, operating cash flow to net claim paid out has also increased to 67.57% from 67.12% though net claim paid out has increased by 13.76% in FY 2019.

From the above analysis, it has found that liquidity position of the company has improved in FY 2019 compared to FY 2018.

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.

As per PICL's treaty agreement, proportional treaty retention limit for the marine cargo surplus BDT 30.00 million and marine hull surplus BDT 5.00 million, engineering surplus BDT 30.00 million and under non-proportional treaty, fire gross XL treaty retention limit is BDT 7.50 million, marine cargo & engg. risk XL treaty BDT 1.00 million, miscellaneous accident risk XL treaty BDT 2.00 million, and motor risk & CAT XL treaty BDT 1.00 million.

It has been found that PICL is in line with the existing regulation, takes 50% reinsurance coverage from Sadharan Bima Corporation (SBC) while rest is reinsured with other reinsurer whether in or outside Bangladesh. Some of overseas reinsurers are: Hannover Re., Lloyd's Underwriter Syndicate, American International Group UK Limited, Talbot Company of AIG, Zurich Commercial Insurance UK, SCOR UK Company Limited, Qatar General Insurance & Reinsurance Co., Kuwait Re, Connect Insurance & Reinsurance Co., Arma Underwriting Limited Energy, Partner Reinsurance Europe SE, Starr International (Europe) Ltd., Korean Re., GIC, GIC Bhutan, Trust Re., New India Assurance Co. Ltd., MISR, Asian Re., Oman Re., International General Insurance (IGI), National Insurance Company Limited, Cica Re., Waica Reinsurance Corporation PLC, Tanzania Reinsurance Company Limited etc.

Individual class wise risk retention ratios of last 4 years are presented below:

Business Class\ Year	2019	2018	2017	2016
Fire	52%	46%	36%	21%
Marine (Hull & Cargo)	56%	59%	55%	54%
Motor	97%	98%	98%	91%
Miscellaneous	44%	32%	49%	51%
Total (Average)	62%	59%	59%	54%

During FY 2019, total sum insurance was BDT 1,305.61 billion and re-insurance coverage was BDT 120.22 billion, whereas during FY 2018 total sum insured was BDT 1,102.12 billion and re-insurance coverage was BDT 156.97 billion.

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

Solvency Analysis

Selected indicators

BDT in millions	Year Ended Dec. 31			
	2019	2018	2017	2016
Available Solvency (AS)	2,449.49	2,727.60	2,463.92	1,804.36
Required Solvency (RS)	413.79	384.92	341.92	314.78
AS/RS (times)	5.92	7.09	7.21	5.73

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 declined to 5.92 time in FY 2019, which was 7.09 times in FY 2018. The reason behind such decline is, available solvency has declined by 10.19% whereas required solvency has increased by 7.50% and for which solvency ratio has declined in FY 2019.

Reserve Adequacy

PICL has maintained the reserve for un-expired risk as per Insurance Act, 2010; 100% of the net premium income for marine hull & aviation insurance and 40% for all other business classes. The company also maintained reserve for exceptional losses. In FY 2019 the reserve for exceptional loss has increased to BDT 1,094.19 million, which has increased by 19.16% from that of previous year. However, the reserve represents 60.01% of net premium.

Reserve for exceptional losses represent 1.93 times of net claim in 2019 which was 1.84 times in 2018, suggesting the company's unexpected events absorbing capability has improved from previous year.

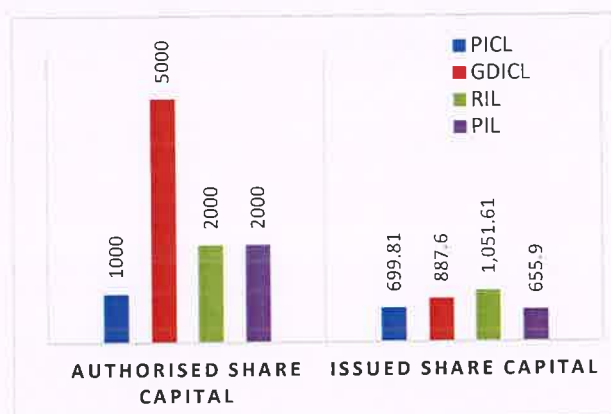
Capital Adequacy

According to statutory capital requirement, every non-life insurance company is required to have BDT 400.00 million as paid up capital. PICL has fulfilled this requirement in 2013. Paid-up capital of the company has remained same as FY 2018 and stood at BDT 699.81 million at the end of FY 2019.

The board of PICL has last issued 10% stock dividend in FY 2015 (25% 2014, 20% 2013, 20% 2012, 30%B 2011, 25% 2010 & 25% 2009) along with 20% cash dividend in FY 2019 (15% 2018, 15% 2017, 15% 2016 & 15% 2015) and 1 right share for 5 share in FY 2011.

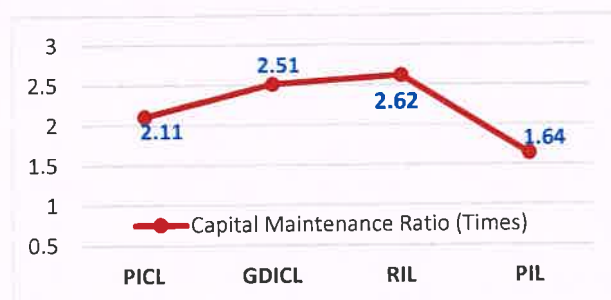
Peer Comparison

If peer group is taken into consideration, then it has been noticed that, PICL is running in line with the competitor in terms of issued share capital.



Peer Comparison

If peer group is taken into consideration, it has been observed that PICL is slightly behind from some of its peer companies.



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. PICL's board comprises of 15 directors including 03 independent directors. All of them are professionally skilled and experienced in the management, law and business. Their experience, professional expertise & personal attitude enable them to execute their responsibility individually & collectively to perform efficiently & effectively. The board is chaired by Mr. A.K.M Rahmatullah, M.P. During FY 2019, 05 board meetings were held by the company.

Management

The management operates within the guidelines, limits, policies as well as the budgetary control adopted by the Board. The team is headed by the Chief Executive Officer Mr. Tarik Ur Rahman who is responsible for the implement of the policy and procedures adopted by the Board. Chief Executive Officer implements the internal control system, follow-up the day to day affairs of the management and also confirms the safety and security of the company. Considering the outstanding leadership and lively role of Mr. Q.A.F.M. Serajul Islam for uplifting the name and fame of the company during his service as Chief Executive Officer, the board was pleased to appoint him as Consultant of the Company to achieve its vision and mission by their joint efforts and combined experiences. The senior management ensures the Chief Executive Officer about the company's improvement with the compliance of statutory and the regulatory requirements too. The Chief Executive Officer must represent the company's financial & business position in each Board meeting for the Director's understanding and guidance.

Board Committees

For smooth functioning of the company, PICL 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:

- Claims Committee
- Budget Committee
- Audit Committee
- Investment Committee
- Nomination & Remuneration Committee

Budget Committee

The committee has been established to analysis yearly income, expenditure, capital budget and considered the same for approval of the board. The committee is consisted of 02 members. During FY 2019, 02 meetings were held by the committee to facilitate the budget.

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. Audit committee consists of 03 members. The committee is responsible to review & discuss the audited financial statement and management report, review the re-appointment of statutory auditors & determined the audit fee, review the statement of all related party transactions submitted by the management, to review the management's discussion & analysis etc. During FY 2019, 04 meetings were held by the committee.

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.

Claims Committee

Claim is the most important factor for an insurance company. Efficient & smart settlement of claim speaks about the company goodwill in the insurance market. Claim committee consists of 05 members. The committee is responsible to review, assess and recommend claims for prompt settlement, review of surveyor's report, their method of assessment, recommendations of each claims etc. Claim Committee approved claim more than BDT 5.0 Lac. During FY 2019, 05 meetings were held by the committee.

Investment Committee

The committee is responsible for taking all types of investment decision of the company. The committee consists of 03 members. During FY 2019, 01 meeting was held by the committee.

Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) was formed on 23rd October, FY 2018 in 211th Board Meeting under condition number 06 of the Corporate Governance Code issued by the Bangladesh Security and Exchange Commission vide their No. BSEC/CMRRCD/2006-158/207/Ad-min/80. The committee is consisted of 03 members. During FY 2019, 01 meeting was held by the committee.

Human Resource

Human capital is considered as the prime asset of the company. It is the combination of competencies, knowledge and personality attributes that can be enhanced through education, training and experience. During its epic journey of 24 years, PICL is able to place itself in current position with the help of loyal employees. The company has the privilege of having a large number of professionals and qualified employees. Currently there are 432 employees working with the company. The company arranges in house and outside training programs for its employees. Staffs receive in-house training, soon after joining the company while time to time management arranges training from Insurance Academy and Insurance Association in order to enhance skill level of its workforce.

Corporate Social Responsibility

Corporate social responsibility is a corporation's initiative to assess & take responsibility for the company's effects on environmental & social wellbeing. PICL endeavors to play its role as a good corporate citizen by supporting worthy causes which aim to improve the lives of the people. PICL has participated in different welfare & mass awareness events. The company is very keen to safeguard the interest of the employees & made their insurance for accident & group hospitalization policy.

IT Infrastructure & Its Utilization

PICL is constantly taking initiatives to modernize its IT infrastructure. The company ensures its underwriting activity through use of internal software. However, 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 developed the system. This system will bring efficiency in term of time & cost for the company. Following is the list of departments which are beneficiary of ICT security policy: Underwriting Department, Accounts, Re-insurance, Share and HR. The company is also using Personal Management Software which help the company to keep all record of the employees.

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. PICL 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. PICL believes in two basic principles of corporate governance i.e.: transparency and disclosure. 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 "MABS & J Partners, Chartered Accountants".

Internal Control

PICL has a separate Internal Audit Department headed by a Senior Deputy General Manager, who worked under the supervision of chief executive officer. The In-Charge of internal audit regularly visit various branches and examines whether branch operation are being carried out as per rules & regulation of the company. The In-Charge of Internal Audit submit the report with findings to the Chief Executive Officer after inspection of each branch. Sometimes the Chief Executive Officer send the In-Charge of Internal Audit to the branch to examine a particular issue and the In-Charge of Internal Audit submit report to CEO with findings.

Moreover, PICL has BC & MIS department which examines all insurance documents issued by various branches of the company to see whether Bangladesh Insurance Tariff are being followed strictly while underwriting various risks offered by the clients. On examination of reports submitted by Internal Audit, BC & MIS department takes proper initiative to solve those issues.

End of the Report

Company Information:**Board of Director & CEO**

Name	Position
Mr. A.K.M. Rahmatullah, M.P.	Chairman
Mr. Tapan Chowdhury	Director
Mr. M Anis Ud Dowla	Director
Mr. Alamgir Shamsul Alamin	Director
Mr. Syed Nasim Manzur	Director
Mr. Shafiqul Islam Khan	Director
Ms. Sylvana Sikder	Director
Mr. M.A. Majed	Director
Ms. Fahama Khan	Director
Mrs. Parveen Akther	Director
Mrs. Rozina Afroze	Director
Ms. Sanchia Chowdhury	Director
Mr. Quazi Habibul Haque	Independent Director
Lt. Col.(Retd.) Muhammad Nazrul Islam, Birprotik, MP	Independent Director
Mr. M. Mokammel Haque	Independent Director
Mr. Tarik Ur Rahman	Chief Executive Officer

Major Shareholders (As on 30 October, 2020)

Name of Shareholder	Number of share	% of Shareholding
Sponsors/Directors	31,924,260	45.62
Individual	31,058,303	44.38
Institutional	6,998,062	10.00
Total	69,980,625	100.00%

Auditor**ARTISAN**

Chartered Accountants

33 Shah Ali Tower (5th & 6th Floor), Kawran Bazar, Dhaka-1215**Head Office****Pioneer Insurance Company Limited**

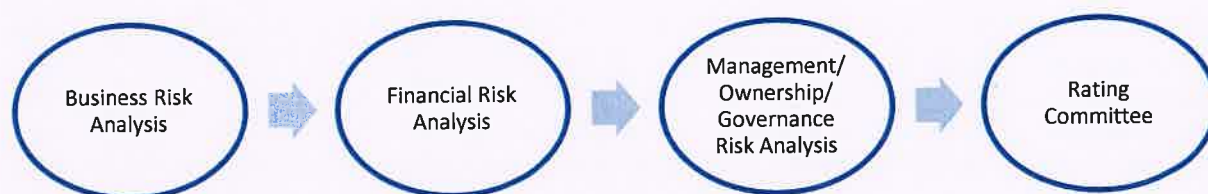
Rangs Babylonia (5th Floor), 246, Bir Uttam Mir Shawkat Sarak, Tejgaon, Dhaka-1208

Tel: 88-02-8878901 (Hunt)

Fax: +88-02-8878913, 8878914

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AlphaRating's Research Methodology for Determining Insurance Rating



Analysis is segmented into two or three sub sectors:

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

Rating Outlook

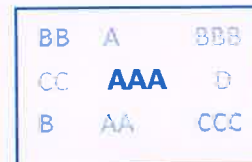
Analysis is segmented into four sub sectors:

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

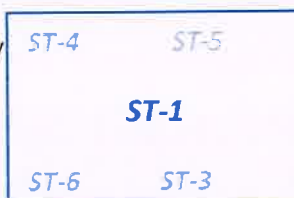
It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

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

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific



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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