

CREDIT RATING REPORT
On
CENTRAL INSURANCE COMPANY LIMITED

REPORT: RR/50494/22

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Claim Paying Ability Rating is valid for only one year from the date of rating. After the above period, the rating will not carry any validity unless the company goes for rating surveillance. CRISL followed Insurance Rating Methodology published in CRISL website www.crislbd.com

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Entity Rating:

CPA Rating: AA

Outlook: Stable**Rating:**

Based on Financials up to
 December 31, 2020

**CENTRAL
 INSURANCE
 COMPANY LIMITED**

ACTIVITY

Non-Life Insurance

DATE OF

INCORPORATION
 November 12, 1987

**COMMENCEMENT OF
 BUSINESS**

December 10, 1987

CHAIRMAN

Mohammed Musa

**CHIEF EXECUTIVE
 OFFICER**

Md. Zahid Anwar Khan

EQUITY

TK.1,236.83 million

TOTAL ASSETS

TK.2,025.17 million

Claim Paying Ability	
CPA Rating	AA
Outlook	Stable
Date of Rating: January 27, 2022	Valid up to: January 26, 2023

1.0 RATIONALE

CRISL has upgraded the Claim Paying Ability (CPA) rating of Central Insurance Company Limited (CICL) to 'AA' (Very High claims paying ability) based on the financials up to December 31, 2020 and other relevant qualitative and quantitative information up-to the date of rating. The rating has been upgraded on the basis of CICL's profitable underwriting performance, good capital base, good FDR base, experienced and professional management team etc. CICL sources significant business from renowned group of companies and banks. The company continues to deliver improved and innovative product and services taking due care of the compliance requirements. Based on the financial statement of 2020, its underwriting profit stood at Tk.89.07 million. Profit after Tax (PAT) moved upward to Tk.111.07 million in YE2020 from Tk. 100.90 million in YE2019. Pre-tax operating margin increased to 53.10% in YE2020 from 50.44% in YE2019. CRISL views CICL's investment strategy is well diversified having around 87.57% of its funds remaining in cash and deployed in fixed deposits as well as in fixed income instruments and rest 12.43% in capital market investment.

On the other hand, CICL faces challenges from high expense ratio, unrealized loss on capital market exposure, small market share, decline in market capitalization etc. However, reduction of management expense will enhance its overall performance. CRISL expects the company to continue to adopt a prudent underwriting approach, improve business and investment portfolio.

CPA rated in this category is adjudged to offer very high claims paying ability. Protection factors are strong. Risk is modest but may vary slightly over time due to underwriting and/or economic condition.

CRISL also views the company with "Stable Outlook" from the industry viewpoint for overall industry growth and policy and regulations implicated by regulatory authority. CRISL believes that the company will be able to maintain its fundamentals in foreseeable future.

2.0 CORPORATE PROFILE

2.1 Background

Central Insurance Company Limited (CICL) is non-life insurance company. It was incorporated on November 12, 1987 as a public limited company. CICL was incorporated with the initiative of some renowned business personalities of the country having involvement in diversified businesses with the vision "to be leading and most confident and a reliable insurer of the country". It obtained the Certificate of Registration for carrying on insurance business from the Chief Controller of Insurance on November 30th, 1987. The company started its business with an authorized capital of Tk.1,000.00 million and paid-up capital of Tk.494.37 million. CICL went into initial public offering in 1994. The shares of the company are listed with both the bourses of the country and are being traded as 'A' category issue. The company has been operating its business with a network of 34 branches located at different districts of the country. CICL earned a gross premium of Tk.379.91 million in YE2020 and reported net underwriting profit of Tk.89.07 million during the same period. Mr. Mohammed Musa is the Chairman of the Board while Management team is headed by Mr. Md. Zahid Anwar Khan as Managing Director & CEO. The company carries out its business operation from its Head Office located at CIC Tower (3rd & 4th Floor), 7-8 Motijheel C/A, Dhaka-1000.