

**CREDIT RATING REPORT
ON
CENTRAL INSURANCE COMPANY LIMITED**

RATING REPORT CONTENTS

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[FORM-IX]
[Rule 10(8) A(g)]

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Kishor Mitra
Chief Rating Officer (CRO)
National Credit Ratings Ltd

EXECUTIVE SUMMARY

INITIAL INSURERS FINANCIAL STRENGTH RATING

OF

CENTRAL INSURANCE COMPANY LIMITED

Declaration Date	20.08.2025
Long Term Entity Rating	AAA (Triple A)
Short Term Entity Rating	ST-1
Outlook	Stable
Expiry Date	19.08.2026

Performance Highlights:

(TK in Million)

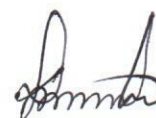
Particulars	2024	2023
Total Equity	2,666.28	2,655.01
Paid-up Capital	531.45	531.45
Total Assets	3,793.35	3,789.52
Investment in FDR	709.15	764.25
Total Investment	964.96	1,005.88
Gross Premium Written	580.77	558.58
Market Share (GPW) (%)	1.12	1.07
Net Premium Written	397.51	378.72
Net Premium Earned (NPE)	389.70	372.20
Net Underwriting Income/(Loss)	80.35	101.77
EPS	1.85	1.98
Dividend (%)	12%	12%
Net Earnings Ratio (%)	24.69	27.76
Return on Assets (ROA) (%)	2.59	2.82
Return on Equity (ROE) (%)	3.69	3.98
Investment Yield (%)	9.67	8.38
Investment Income Ratio (%)	24.69	27.76
Net Claims Ratio or Loss Ratio (%)	20.01	17.26
Expense Ratio (%)	69.58	66.16
Combined Ratio (%)	89.59	83.41
Total Liquid Assets	1,668.71	1,700.65
Liquid Assets to Current Liabilities (X)	1.48	1.50
Liquid Assets to Net Claims Expense (X)	21.60	25.55
Earnings Coverage (X)	135.86	145.36
Equity to Net Claims (X)	34.19	41.34
Total Leverage (%)	1.20	1.96
Capital to Total Assets (%)	71.14	71.47
Claim Settlement Ratio (As per No.) (%)	91.27	69.83
Claim Settlement Ratio (As per Amount) (%)	58.85	161.63

Strengths

- Diversified products and services
- Rich experience of the promoters in the related field of business
- Strong support from a diversified group of reinsurers
- Strong asset base
- Sound Investment in FDR
- Increase in investment yield

Challenges

- To improve public awareness through different promotional activities
- To increase underwriting income
- To meet the growing cost of business
- To increase claim settlement ratio (as per amount)
- Stiff competition



Kishor Mitra
Chief Rating Officer (CRO)
National Credit Ratings Ltd

Reference: Agreement No.: 149753

Declaration Date	20.08.2025
Long Term Entity Rating	AAA (Triple A)
Short Term Entity Rating	ST-1
Outlook	Stable
Expiry Date	19.08.2026

Rating Basis

Ratings are based on **Audited** Financial Statements up to **December 31, 2024** along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. NCR has followed Non-life Insurance Rating Methodology of NCR published in its website.

RATING DEFINITION

AAA (Triple A) indicates Strongest Credit Quality.

ST-1 indicates Strongest Ability to Meet Short Term Financial Commitments.

DEFINITION OF OUTLOOK

Stable indicates that rating may remain unchanged as existing fundamentals may remain unchanged in near future.



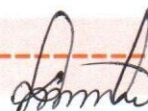
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RATING RATIONALE

NCR has declared the ratings to **Central Insurance Company Limited** with a stable outlook duly considering some qualitative & quantitative factors including increased in settlement of claims (As per no.) during the last financial year. Strong total asset base, percentage of cash dividend given during the last reporting year and earning per share have been focused duly by the rating committee while retaining the previous ratings. Significant amount of investment in FDR and amount of liquid assets compared to current liabilities along with reinsurance arrangement with renowned reinsurers have also been taken into account while assigning the ratings. Moreover, the ratings have been supported by the long standing experience & praiseworthy reputation of the promoters in the insurance sector, qualified and experienced management team, and smooth internal control system. Furthermore, appreciable return on assets & equity, swelled investment income ratio and generation of underwriting income have also supported the ratings optimistically.

RATING OUTLOOK

The stable outlook reflects the company's unwavering performance of the fundamentals and as such NCR expects that the company will be able to maintain its good fundamentals on an ongoing basis in the future.

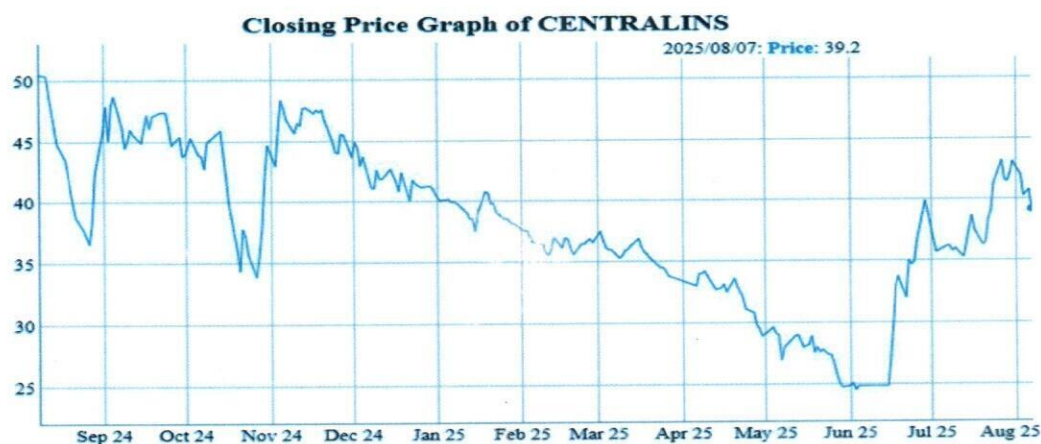


Reference: Agreement No.: 149753

1.0 BUSINESS OVERVIEW

1.1 Central Insurance Company Limited (hereinafter referred as 'CICL' or 'The Company') is a Non-Life Insurance Company offering all kinds of general insurance products & services i.e. motor, marine (cargo & hull), fire, engineering and miscellaneous, was incorporated on November 12, 1987 as a Public Limited Company under the Companies Act 1994 & Insurance Act 1938 and started operation on December 10, 1987. CICL was registered with Insurance Development and Regulatory Authority (IDRA) on November 30, 1987. The company is listed with Dhaka Stock Exchange PLC. and Chittagong Stock Exchange PLC. in 1995.

1.2 The shares of the company are traded under "A" category in both the bourses. The face value of each share is TK 10.00. The 37th Annual General Meeting was held on June 25, 2025. The Board of Directors has approved 10% cash dividend for the year ended on December 31, 2024. The EPS of the company has been reported to TK 1.85 in 2024 against TK 1.98 in 2023. The following graph reveals the trading history of CICL's stock closing price over the period of last twelve months at DSE:



1.3 CICL is operating with 36 branches and one local office all over the country. The corporate office of CICL is located at CIC Tower-1 (3rd and 4th floor), 7-8, Motijheel C/A, Dhaka-1000 and the Local Office is situated at Aziz Bhaban (1st floor), 93, Motijheel, Dhaka-1000.

1.4 PRODUCT AND SERVICE

Non-life Insurance Schemes	
Fire	Marine
<ul style="list-style-type: none"> a. Fire Insurance (including Allied Perils) b. Industrial All Risks (IAR) Policy c. Business Interruption Policy d. Comprehensive Machinery Insurance e. Property Damage All Risks 	<ul style="list-style-type: none"> a. Marine Cargo b. Marine Hull c. Builders Risks Insurance
Engineering	Motor
<ul style="list-style-type: none"> a. Machinery Breakdown Insurance (MBD) b. Electronic Equipment Insurance (EEI) c. Work Plant (WP) d. Contractor's All Risks (CAR) e. Erection All Risks (EAR) f. Oil & Gas Well Drilling Equipment Package (OGD) g. Contractors Plant & Machinery (CPM) h. Deterioration of Stocks (DOS) 	<ul style="list-style-type: none"> a. Comprehensive Insurance

Reference: Agreement No.: 149753

i. Boiler and Pressure Vessel (BPV)	
Miscellaneous	
a. Burglary & House Breaking Insurance	
b. Money Policy	
c. Cash in Safe	
d. Cash in Transit (CIT) Policy	
e. Cash on Counter (COC) Policy	
f. Employers Liability Insurance Policy	
g. Product Liability Policy	
h. Public Liability Policy	
i. Professional Liability Policy	
j. Workman's Compensation (WC) Policy	
k. People Personal Accident Policy	
l. Overseas Mediclaim Policy	
m. Fidelity Guarantee Policy	
n. BBB (Triple B)	

1.5 The company is providing services through 36 branches along with a local office all over the country. The details of the Branches are provided below:

Sl. No.	Name of Branch	Branch Address
01	Local Office	Aziz Bhaban (1st floor), 93, Motijheel, Dhaka-1000
02	Motijheel	Yousuf Chamber (7th floor), 20, Dilkusha C/A, Dhaka-1000
03	Nawabpur	8, (2nd floor) Basabari Lane, Nayabazar, Kotwali, Dhaka
04	Dilkusha	Aziz Bhaban (1st floor), 93, Motijheel C/A, Front Side, Dhaka-1000
05	Paltan	Aziz Bhaban (1st floor), 93 Motijheel C/a, Dhaka-1000
06	Bangshal	13, Bangshal Road (3rd floor), Dhaka
07	Vip road	Room No 1317, 83/B, Mouchak Tower, Shiddeshori Circular Road, Malibagh, Dhaka
08	Kawran bazar	Plot # 31/B, CIC Bhaban, Bironon Bitan, Bir Uttam C.R. Datta Lane, Dhaka-1215
09	Moulvibazar	69-70, Moulvibazar Tower (11th floor), Chawkbazar, Dhaka-1211
10	Uttara	H.M. Plaza (11th floor), Plot # 34, Road # 2, Sector # 03, Room # 10, Uttara Model Town, Dhaka
11	Narayangonj	34, S.M Maleh Road, Tanbazar, Narayangonj
12	Tangail	Hazi Market (2nd floor) Bishwas Betka, Mymensingh Road, Tangail
13	Madaripur	Howlader Harun Plaza (2nd floor), Puran Bazar, Madaripur
14	Narsingdi	259/2, Jobbar Market, Station Road, Narsingdi
15	Faridpur	Gold City Bhaban, Nilatoli Mujib Sarak, Faridpur
16	Sk mujeeb road	Atlas Rangs Plaza (Level-07), 07 Sheikh Mujeeb Road, Agrabad, Chattogram
17	Agrabad	Atlas Rangs Plaza (Level-07), 07 Sheikh Mujeeb Road, Agrabad, Chattogram
18	Cumilla	163/149 Chatipatti, Cumilla
19	Rajshahi	146, Shaheb Bazar (3rd floor), RDA Market, Rajshahi
20	Joypurhat	Moushumi Market, Sadar Road, Joypurhat
21	Pabna	Ma Plaza (3rd floor), Ataikula Road, Pabna Sadar, Pabna
22	Bogura	Boshiron Market (3rd floor), Kobi Nazrul Islam Sarak, Zautola, Bogura
23	Sirajgonj	Amin Plaza (1st floor), Mujib Sarak, Sirajganj Sadar, Sirajgonj -6700
24	Saidpur	Shahid Jahirul Haque Road, Saidpur, Nilpamari
25	Lalmonirhat	Shimanto Shopping Complex, Mission Road, Lalmonirhat
26	Rangpur	Chamber Bhaban, G.L. Roy Road, Rangpur
27	Dinajpur	Bashunia Potti, Dinajpur Sadar
28	Thakurgaon	Usa Squar (2nd floor), Shohid, Mohammad Ali Sarak, Thakurgaon
29	Mymensingh	22/B, C.K Gosh Road, Kotowali, Mymensingh
30	Sherpur	Al-Haj Chan Mia Bhaban, Sherpur Town, Sherpur
31	Satkhira	Hotel Park, Kaliganj Road, Satkhira
32	Jashore	Ishaq Tower, 43 M.K Road, Jashore



Reference: Agreement No.: 149753

33	Noapara	Sarder Tower, Agrani Bank Bhaban, (3rd floor) , Noapara Bazar, Avaynagar, Jashore.
34	Jhenaidah	Roni Tower (3rd floor), Mawlana, Bhashani Road, Jhenaidah Sadar, Jhenaidah
35	Kushtia	Lovely Tower, 55/1 N.S. Road, Kushtia
36	Sylhet	Al-Marzan Shopping Center, Zindabazar, Sylhet
37	Barishal	485, Line Road (1st floor), Student Library, Sadar Barishal

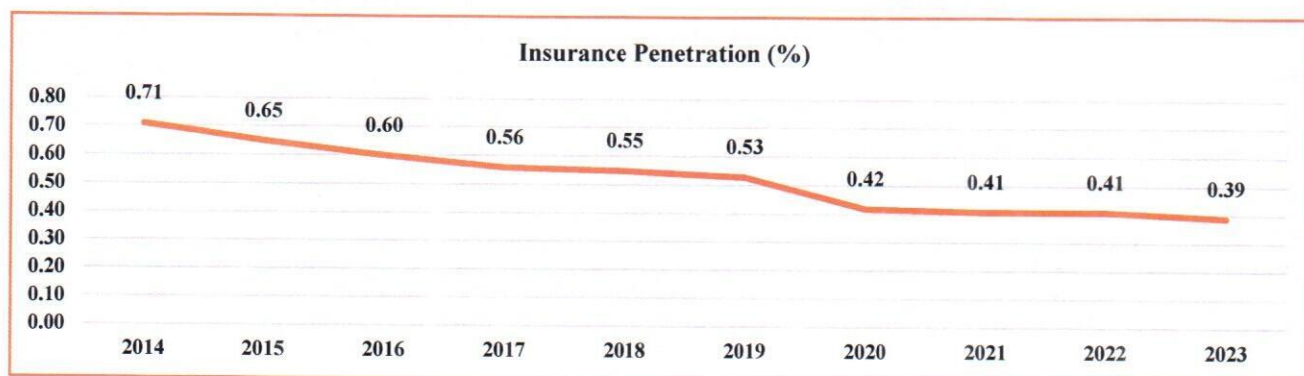
2.0 INDUSTRY OVERVIEW

2.1 After the liberation of Bangladesh, in 1972, all the 49 insurance companies operating in Bangladesh were nationalized under five public sector corporations which were subsequently restructured into two corporations: the Sadharan Bima Corporation (SBC) for general insurance, and Jiban Bima Corporation (JBC) for life Insurance in 1973 under the Insurance Corporations Act, 1973. The private sector was allowed to operate in all areas of insurance for the first time in 1984. Currently, a total of 82 insurance companies are operating in the industry. Brief overview of insurance industry of Bangladesh is presented in the table below:

Particulars	Details
Insurance Penetration Rate (2023)	0.39%
Global Insurance Penetration Rate (2023)	7.00%
Insurance Density (2023)	USD 12.00
Global Insurance Density (2023)	USD 889.00
Gross Premium (GP) (Life) (2023)	BDT 122.80 billion
Gross Premium (GP) (Non-Life) (2023)	BDT 52.04 billion
Market Share of Life Insurance based on GP (2023)	70.23%
Market Share of Non-Life Insurance based on GP (2023)	29.77%
Number of Life Insurance Policies (2023)	8.63 million
Claim Settlement Ratio (Life) (2023)	72.25%
Claim Settlement Ratio (Non-Life) (2023)	41.35%
Human Resources	41,481
Top 05 Life Insurance Companies	Met Life, National Life, Delta Life, JBC, Popular Life
Top 05 Non-Life Insurance Companies	SBC, Green Delta, Reliance, Pioneer, Pragati

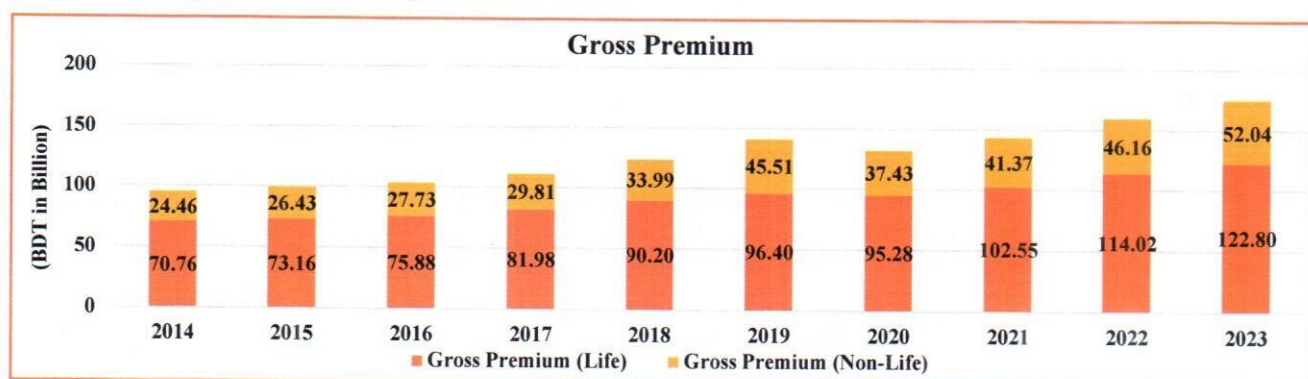
Source: Insurance Development and Regulatory Authority (IDRA); Swiss Re Institute (Sigma Report); Financial Stability Report 2023, Bangladesh Bank; The Daily Star (01.03.2024)

2.2 Though the history of insurance industry is long, there were merely any regulations prior to 2010. In 2010, a law was formulated and afterwards, Insurance Development and Regulatory Authority (IDRA) was established in 2011 to supervise the insurance businesses and safeguarding the interest of policy holder. However, even after ten years of establishment, IDRA is yet to be fully functional. Lengthy time required to settle claims, lack of confidence of general people, regulatory supervision, transparency, product diversification, use of appropriate technology, experts and academics along with inadequate policy support from the government are the major causes behind the very low insurance penetration rate in Bangladesh. Insurance penetration rate of Bangladesh was 0.39% in 2023 against 0.41% in both 2022 and 2021. Trend of historical insurance penetration rates is depicted below:



Source: Insurance Development and Regulatory Authority (IDRA), Swiss Re Institute (Sigma Report)

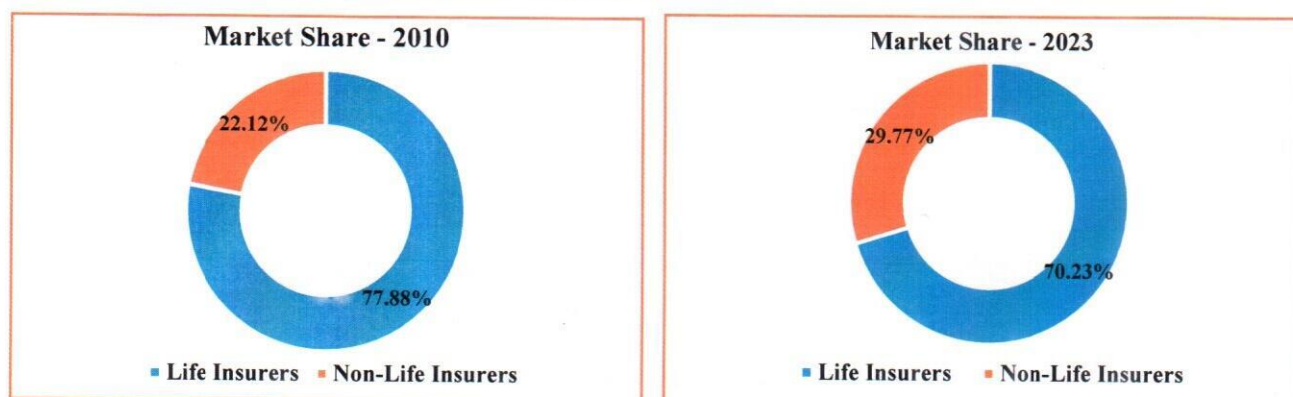
2.3 Insurance penetration rate in Bangladesh has been experiencing a declining trend over the last ten years. According to the Sigma Report of Swiss Re Institute, global insurance penetration rate was 7.00 percent in 2023 while our insurance penetration rate was far below 1 percent. Insurance density is also very poor in our country at USD 12.00 against world average of USD 889.00.



Source: Insurance Development and Regulatory Authority (IDRA)

2.4 Collection of gross premium has an increasing trend over the years. Gross premium collection fell in 2020 due to the Covid-19 pandemic but started increasing the following year. Gross premium collection of non-life insurers experienced a greater growth compared to life insurers.

2.5 Insurance companies are broadly categorized as life insurers and non-life insurers. Life insurance companies occupy the lion's share of the market. However, from the following graph we can see that market share of non-life insurance companies has grown in 2022 compared to 2010.



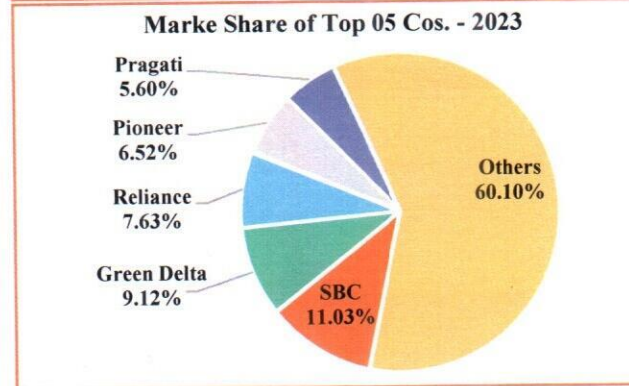
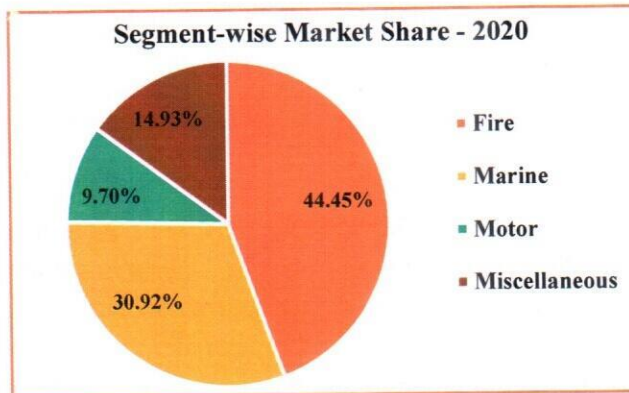
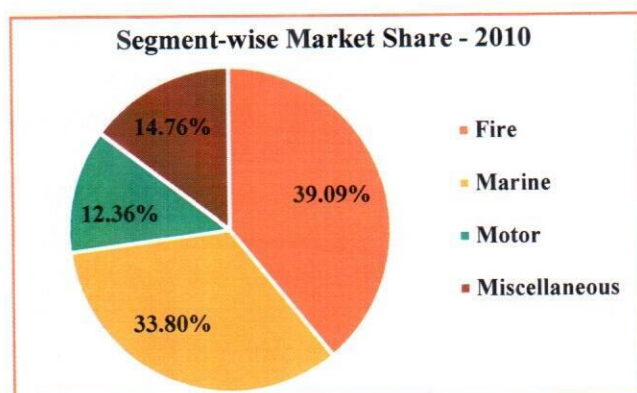
Source: Insurance Development and Regulatory Authority (IDRA)

NON-LIFE INSURANCE SECTOR AT A GLANCE

2.6 Non-life insurers occupy lesser market share of Bangladesh insurance industry compared to the life insurers. Currently the sector represents nearly one-third of the industry. However, the sector is growing and grabbing more market share. As a result, market share of non-life insurers in terms of gross premium collection jumped to 29.77 percent in 2023 from 22.12 percent in 2010. In last ten years, gross premium collection of the sector experienced a CAGR of 7.84 percent and reached to all-time high in 2023. Higher growth of gross premium collection can be attributed to the growth of market shares. Low claim settlement ratio can also be linked to the declining market share. In the last ten years, the claim settlement ratio was only around 40 percent on an average. Brief overview of life insurance sector is depicted below:



Source: Insurance Development and Regulatory Authority (IDRA)



Source: Insurance Development and Regulatory Authority (IDRA)

After the commencement of privatization of insurance industry, many companies came into play but the insurance penetration rate is on a declining trend. Bangladesh is the 35th largest economy in the world but it stood 60th in

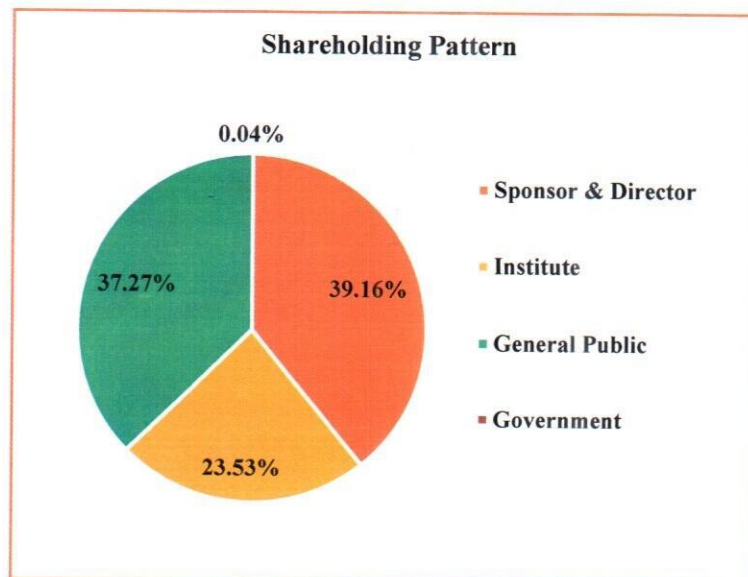
Reference: Agreement No.: 149753

world ranking in terms of the total insurance premium volume. Most of the companies couldn't achieve the trust of the clients. Some experts believe that the number of insurance companies for a market like Bangladesh is too may. Unethical practices have been fueled by the cut-throat competition among the companies. However, economy of the country as well as per capita income has been growing. So, there is immense scope for the companies to grab the market with the help of pragmatic policy support from the government and timely and proper implementation of the policy.

3.0 BUSINESS RISK

3.1 OWNERSHIP STRUCTURE

The Authorized Capital of CICL is TK 1,000.00 million and Paid-up Capital is TK 531.45 million (53.14 million ordinary shares of TK 10 each) as on December 31, 2024. The shareholding pattern of the company has been found diversified among sponsors, institutes, government and general public. The majority of the shares, 39.16% are held by the Sponsor & Director, 37.27% are held by the General Public, while different institutes hold 25.53% and govt. hold only 0.04% of the total shares as on June 30, 2025. The shareholding pattern of the company is depicted in the adjacent diagram:



3.2 CORPORATE GOVERNANCE

3.2.1 The Board of Directors of the company is comprised of 18 (Eighteen) members including 02 (Two) independent directors. During the year 2024, 11 Board Meetings were held. The board is a key source of guidance to the management and responsible for the policy formulation and overseeing the overall management reports. The BoD is not fully independent from the management and the corporate financial reporting system is moderate. The Managing Director monitors the overall operation continuously and reviews the financial reports as well, while major decisions are approved by the BoD. The shareholding pattern of BODs is given below:

SL	Name of the Board Members	Designation	% of Share
1.	Mr. Mohammed Masud Hossain	Chairman	2.50
2.	Mr. Mohammed Masud Karim	Vice Chairman	2.02
3.	Ms. Shahida Newaz	Director	2.00
4.	Ms. Nurun Nahar	Director	2.26
5.	Mr. Md. Nurul Islam	Director	2.00
6.	Mr. Abu Mohammad	Director	2.00
7.	Mr. Tayabur Rahman	Director	2.50
8.	Dr. Jahanara Arzu	Director	3.00
9.	Mr. Mohammed Musa	Director	2.00
10.	Mr. Zoynal Abedin Chowdhury	Director	2.00
11.	Mr. Sarwar Jahan	Director	2.00
12.	Mr. Shahriar Jahan	Director	2.61
13.	Mr. Sabbir Ul Kabir	Director	2.45

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14.	Ms. Angee Chowdhury	Director	2.01
15.	Ms. Rizwana Afroze Binte Kalam	Director	2.07
16.	Mr. Ifthehar Maleque	Director	2.00
17.	Mr. Md. Amirul Islam FCA, FCS	Independent Director	--
18.	Mr. Abu Md. Abid Chowdhury	Independent Director	--

3.2.2 The board has six committees, i.e. Executive Committee, Audit Committee, Nomination & Remuneration Committee (NRC), Investment Committee, Risk Management Committee and Policyholder Protection & Compliance Committee (PPCC). The committee members are directly selected by the BoD. Each committee operates under specific Terms of Reference (TOR) which outlines the responsibilities/functions of the committee. All the committees are reconstituted after every AGM and the meetings are held on regular basis to oversee and monitor the functions of the company.

SL	Committee	No. of Members	Responsibilities/Activities
1.	Executive Committee	11	The Executive Committee acts as a crucial liaison between the company's management and its board of directors. It is responsible for making timely decisions on behalf of the full board, particularly on matters that require prompt attention. Furthermore, the committee serves as a vital collaboration outlet, where key executives can work together to address complex issues, develop strategies, and ensure the company's operational goals align with the board's overarching vision.
2.	Audit Committee	08	The Audit Committee of CICL is a sub-committee of the Board with jurisdiction over the company's financial matters. Comprised of eight board members, including an Independent Director who chairs the committee, its primary function is to assist the Board in fulfilling its oversight responsibilities. The committee's key activities include overseeing the financial reporting process, managing the appointment, remuneration, and evaluation of auditors, and evaluating the effectiveness of the company's internal financial controls, internal audit function, and risk management systems.
3.	Nomination & Remuneration Committee (NRC)	09	The Nomination and Remuneration Committee (NRC) is a sub-committee of the Board established to assist in the formulation of policies regarding the nomination and remuneration of directors and top-level executives. This includes setting criteria for qualifications, positive attributes, experiences, and independence. The NRC's terms of reference are clearly defined in writing, aligning with the roles prescribed in the Corporate Governance Code-2018. The committee is responsible for reviewing and approving the company's remuneration philosophy, policies on Board diversity and effectiveness, and overseeing talent management and HR processes. The specific policies and evaluation criteria adopted by the committee are detailed in a separate chapter of the Annual Report.
4.	Investment Committee (IC)	07	According to the Insurers Corporate Governance Guideline-2023 from the Insurance Development and Regulatory Authority (IDRA), Central Insurance Company Limited has formed an Investment Committee (IC). This committee is composed of seven members from the Board, and includes an Independent Director. Mr. Mohammed Musa, a former Chairman of the company, currently serves as the Chairman of the Committee.
5.	Risk Management Committee (RMC)	10	In accordance with the Insurers Corporate Governance Guideline-2023 issued by the Insurance Development and Regulatory Authority (IDRA), a Risk Management Committee (RMC) has been established. This committee consists of ten members from the Board, including an Independent Director. Mr. Mohammed Masud Karim, who serves as the company's Vice-Chairman, holds the position of Chairman of this Committee.

6.	Policyholder Protection & Compliance Committee (PPCC)	09	In compliance with the Insurers Corporate Governance Guideline-2023 issued by the Insurance Development and Regulatory Authority (IDRA), a Policyholder Protection & Compliance Committee (PPCC) has been established. This committee is composed of nine members from the Board, which includes an Independent Director. Mr. Mohammed Masud Karim is the Chairman of this Committee, tasked with overseeing matters related to the protection of policyholders and ensuring regulatory compliance.
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3.2.3 The committee meetings are held on regular basis and are convened by the respective chairperson. The synopsis of the members of the committee and number of meetings held under each committee is presented below:

SL.	Name of the Committee	No. of Members	Frequency of meeting required in a year	No. of Meetings held in 2024
1.	Executive Committee	11	01	04
2.	Audit Committee	08	04	06
3.	Nomination & Remuneration Committee	09	02	04
4.	Investment Committee	07	--	01
5.	Risk Management Committee	10	--	--
6.	Policyholder Protection & Compliance Committee (PPCC)	09	--	02

3.3 MANAGEMENT

3.3.1 The management team is well-structured with some qualified and experienced professionals. The management team is headed by the Chief Executive Officer, Mr. Md. Badrul Amin, who has 33 years of experience in insurance sector. All the heads of different departments directly report to the Chief Executive Officer. A brief profile of the key management personnel is given below:

SL	Name of the Professionals	Designation	Name of the Department	Education Qualification	Experience (In Years)
1.	Mr. Md Badrul Amin	Chief Executive Officer (Acting)	--	M.Sc (Physics), B.Sc (Physics)	33
2.	Mr. S. M Shahidullah	Additional Managing Director & Business Coordinator	Development	Masters (Social Science in Government & Politics)	37
3.	Mr. Noor-Ul-Alam FCS	Senior Executive Vice President (SEVP), Company Secretary & Head of HR and Admin	Board Department & HR and Admin	FCS (ICSB), MBA (HRM), Masters (English Language), BBA, LLB, ICMB (Level-3)	16
4.	Mr. Md. Abul Hasanat	Executive Vice President & Chief Financial Officer (CFO)	Accounts	Masters & Honors (Accounting), CA-Professional Level (ICAB), ITP (NBR), DTBA, CA (CC)	20
5.	Mr. Rezaul Islam	Executive Vice President & Head of IT	IT	B. Sc (Electrical & Electronic Engineering) ACMP 4.0, IBA,	14

Reference: Agreement No.: 149753

				PGD (Computer Science)	
6.	Mr. Md. Ainur Rahman	Executive Vice President & Head of Claims and Re-Insurance	Claims and Re-Insurance	MBA (Accounting), MSS (Economics) Insurance Diploma	18
7.	Mr. Mohammed Tazul Islam Mozumder	Senior Vice President & Head of Underwriting & Branch Control	Underwriting & Branch Control	BSS	32
8.	Mr. S. M Hasan Akter	Senior Vice President & Head of Share & Establishment	Share & Establishment	MA, BA	32
9.	Mr. Salah Uddin	Deputy Vice President & Head of Internal Audit	Internal Audit	BA (Pass), CA Foundation Course (ICAB), CA (CC)	15

3.3.2 The management team is vital for ensuring the company's business operations align with corporate governance norms, the company's Code of Conduct, and a strong internal control framework. Guided by both the legal framework and the organization's core values, the management team, led by the CEO, is responsible for executing the Board's strategies and policies. They report directly to the Board, overseeing day-to-day operations and developing and implementing business strategies. The team is accountable for achieving the annual operating plan approved by the Board and delivering maximum returns for all stakeholders. The Management Committee (composed of 07 members) specifically works on setting the strategic direction, ensuring effective organizational management, and monitoring activities to ensure they remain consistent with the company's founding principles and values.

3.4 INTERNAL CONTROL SYSTEM

The company has a written HR policy for its employees & abides by the labor law 2006 and actively encourages employee involvement in company's business through various types of benefits. There are 432 employees working in CICL. The company recruits all employees centrally and the recruitment depends on the necessary skills, expertise and qualification. All the employees are provided with Foundation training and on the Job training according to individual's need and business based. The company provide good compensation package and along with that, the company has Performance Appraisal Process depending on which Reward and Recognition of Training & Development is provided.

3.5 OPERATIONAL RISKS

The company is exposed to some risks associated with the operation. Some of the significant operational risks are stated below:

3.5.1 INFORMATION TECHNOLOGY

3.5.1.1 CICL has significantly upgraded its IT infrastructure to enhance communication, data security, and operational efficiency. The company has implemented a company-wide IP phone system and a virtual communication platform for secure messaging, file sharing, and collaboration. To modernize its infrastructure, CICL replaced outdated servers with high-performance virtualized systems using VMware vSphere 7.0, which improves resource utilization. For customer service, CICL is developing a Customer Relationship Management

Reference: Agreement No.: 149753

(CRM) system and a virtual support center. The company adheres to the CIA (Confidentiality, Integrity, and Availability) security model to protect its data and is developing an online platform and mobile application for digital policy purchases. CICL uses integrated software for core business functions like underwriting and claims, and has a robust disaster recovery plan, a dual backup system (using Microsoft One Drive and on-premises servers), and a backup VPN tunnel to ensure continuous connectivity across its centrally connected branch offices.

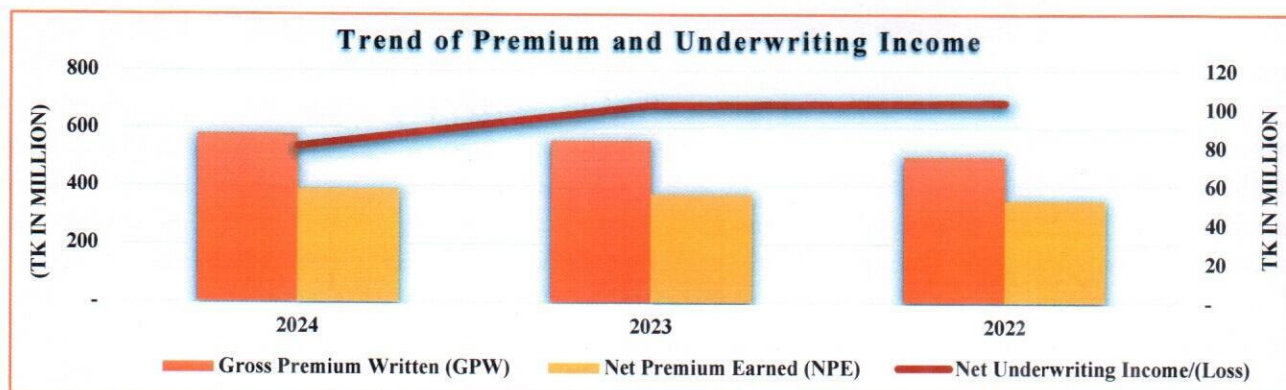
3.5.2 UNDERWRITING & CLAIM SETTLEMENT

Non-life insurance covers a wide range of risks, encompassing both physical and moral hazards. Physical risks include those stemming from natural catastrophes, accidental losses, and man-made disasters. To effectively manage these diverse risks, a core practice in the insurance business is underwriting, a vetting process that ensures the proper selection of both the risks and the clients. By carefully evaluating each policy application, insurers can better assess potential liabilities and make informed decisions, which is key to maintaining a sound and profitable business. Underwriting risk refers to the potential for losses arising from insurance contracts due to a mismatch between premiums collected and claims paid. This risk is managed through careful selection of clients and the risks they represent, accurate pricing of policies, and ongoing monitoring of the portfolio. It also involves establishing adequate technical provisions to cover future claims. For risks with an exceptionally high potential volume of loss, insurers often mitigate this exposure by jointly sharing the risk with other insurance companies, as per approved guidelines for different non-life insurance products. CICL has developed a qualified and well-experienced team of experts for underwriting. A brief profile of the team is stated below.

SL	Name	Designation	Experience	Training
1.	Mohammed Tazul Islam Mozumder	Senior Vice President	33 years	From BI Academy and Bangladesh Bank
2.	Md. Nur Hossain	Deputy Vice President	28 years	-
3.	Mr. Belal Hossain	Asst. Vice President	27 years	-

3.5.3 UNDERWRITING PERFORMANCE

Particulars	(TK in Million)		
	2024	2023	2022
Gross Premium Written (GPW)	580.77	558.58	503.19
Reinsurance Usage (%)	31.56	32.20	28.76
Reinsurance Expense	183.26	179.86	144.70
Net Premium Written (NPW)	397.51	378.72	358.49
Net Premium Earned (NPE)	389.70	372.20	351.62
Net Underwriting Income/(Loss)	80.35	101.77	103.10



3.5.3.1 The company's gross premium written (GPW) grew steadily to TK 580.77 million in 2024 from TK 558.58 million in 2023, although the growth rate slowed in 2024 compared to 2023, indicating possible market saturation or slower new business generation. Reinsurance usage remained moderate, rising from 28.76% in 2022 to 32.20% in 2023 before easing slightly to 31.56% in 2024, which helped net premium written (NPW) grow at a slightly faster pace than GPW in 2024. However, net underwriting income declined for the second consecutive year, falling sharply by 21.07% in 2024 despite higher premiums, pointing to potential increases in claims and higher operating expenses.

(TK in Million)

Business Class	Sum Insured	Reinsurance Coverage	Reinsurance Coverage (%)	Sum Insured	Reinsurance Coverage	Reinsurance Coverage (%)
	2024			2023		
Fire	119,621.28	23,924.26	20.00%	116,948.40	23,389.68	20.00%
Marine	161,463.20	40,713.29	25.22%	116,391.46	29,214.05	25.10%
Motor	3,872.82	1,161.85	30.00%	1,468.33	440.50	30.00%
Miscellaneous	30,986.71	9,296.01	30.00%	21,308.54	6,392.56	30.00%
Total	315,944.00	75,095.41	23.77%	256,116.72	59,436.79	23.21%

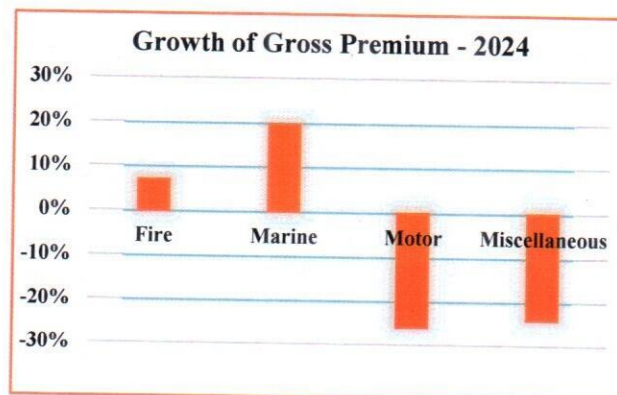
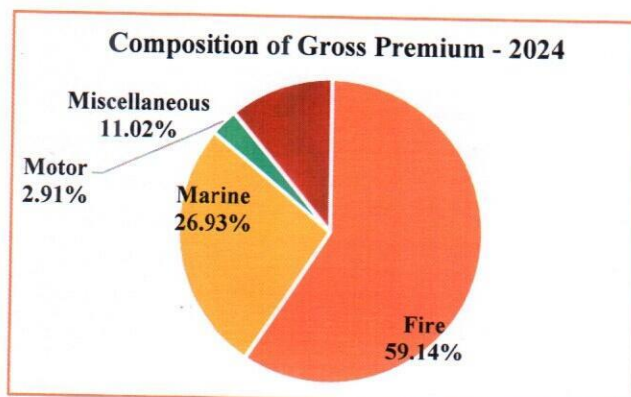
3.5.3.2 In 2024, the company's total sum insured rose significantly to TK 315,944.00 million from TK 256,116.72 million in 2023, reflecting portfolio expansion across all business classes, with the largest increases in Marine (up 38.73%) and Motor (up over 160%). Reinsurance coverage in absolute terms also grew to TK 75,095.41 million, maintaining an overall stable coverage ratio of 23.77% compared to 23.21% in 2023, indicating a consistent risk transfer policy. By class, Fire maintained a fixed 20% coverage, Marine's ratio stayed steady at around 25%, and Motor and Miscellaneous retained 30% coverage each, showing no change in proportional arrangements despite volume growth. The rise in sum insured, especially in Marine and Motor, suggests increased business volume and higher exposure, while stable reinsurance percentages indicate that the company is retaining more absolute risk in line with premium growth, requiring close monitoring of claims trends to ensure underwriting profitability.

(TK in Million)

Business Class	Gross Premium Written (GPW)		Growth of GPW	
	2024	2023	2024	2023
Fire	343.49	320.83	7.07%	33.60%
Marine	156.39	130.59	19.76%	-19.87%
Motor	16.90	22.83	-25.99%	4.35%
Miscellaneous	63.99	84.34	-24.13%	7.84%
Total	580.77	558.58	3.97%	5.64%

Reference: Agreement No.: 149753

3.5.3.3 In 2024, the company's gross premium written (GPW) reached TK 580.77 million, up 3.97% from 2023, with performance varying significantly across business classes. Fire insurance remained the dominant segment, contributing TK 343.49 million with a growth of 7.07%, though far below the robust 33.60% growth seen in 2023. Marine business rebounded strongly, rising 19.76% in 2024 after a 19.87% contraction in 2023, indicating regained market momentum or improved underwriting focus. In contrast, both Motor and Miscellaneous classes saw notable declines, with Motor premiums dropping 25.99% and Miscellaneous down 24.13%, reversing their modest growth in 2023. The slower overall premium growth in 2024 compared to the prior year reflects weaker performance in these latter segments, partially offset by gains in Fire and Marine, suggesting the need for diversification and targeted strategies to revive underperforming classes while sustaining growth in the stronger segments.



3.5.4 CLAIMS

3.5.4.1 Underwriting and claims settlement are the two most critical functions for any insurance company. A client pays a premium to an insurer with the expectation of receiving financial protection in the event of a loss. They anticipate adequate and fairly priced coverage, prompt delivery of accurate policy documents, and, most importantly, a quick and satisfactory claims settlement should a loss occur. To meet these expectations, Central Insurance has a corporate philosophy on claims management that prioritizes high-quality service and expeditious claims settlement. This philosophy outlines specific service standards for each stage of the claims process, emphasizes the speed of service, and uses an IT-enabled interactive process to allow clients to track the status of their claims, demonstrating a commitment to actively managing claims rather than just processing them. When CICL gets an intimation of claim, it appoints a survey firm for surveying and assessing of loss. If needed, particularly when the size of loss is quite big, the company appoints a second surveyor for the joint survey. CICL is very prompt in settling the claims. And once all the documents and survey report against any claim is received and the claim is found indemnifiable, CICL proceeds to approval to settle the claim as per the delegated authority.

When CICL gets an intimation of claim over phone or in writing, the company appoints a Surveyor and also sends an Officer of Claim Department to conduct the survey of the affected property. After the preliminary survey report, if the deemed loss is above TK 0.20 Million another joint surveyor is appointed and finally photographs and Video Clips of the incident is prepared for documentation. Depending on the Survey Report and documentation, the Managing Director along with Consultant can instantly settle Claim up to TK 0.20 million, the Claim Committee has been delegated to settle Claims above TK 0.20 million. Claims above TK 0.20 million are approved by Board. The maximum time required to settle the Claims after the receipt of all necessary documents is 90 day. CICL's claim committee has not identified any fraudulent claims submitted to them so far.

Reference: Agreement No.: 149753

SL.	Type of Claim	Approval Authority of MD	Approval Authority of Claim Committee
01.	Marine Cargo	Upto TK 2 lac	TK 2 lac and above
02.	Hull		
03.	Fire		
04.	Motor		
05.	Misc.		

3.5.5 CLAIM SETTLEMENT PERFORMANCE

Particulars	(TK in Million)		
	2024	2023	2022
No. of Claim Lodged	126	116	89
Total Claim Lodged	195.42	50.11	18.04
No. of Claim Settled	115	81	85
Claim Settled - Lodged in Current Year	54	40	43
Claim Settled - Lodged in Previous Years	61	41	42
Total Claim Paid during the Year	61.16	51.20	99.07
Total Claim Outstanding	81.90	51.30	34.03
Claim Settlement Ratio (As per No.) (%)	91.27	69.83	95.51
Claim Settlement Ratio (As per Amount) (%)	58.85	161.63	471.20
Total Claim Outstanding to Total Equity (%)	2.47	1.93	1.29

3.5.5.1 In 2024, the company experienced a notable increase in claims activity, with the number of claims lodged rising to 126 from 116 in 2023 and 89 in 2022, while the total claim amount surged sharply to TK 195.42 million from TK 50.11 million in 2023. The number of claims settled during the year improved significantly to 115 from 81 in 2023, raising the claim settlement ratio (by number) to 91.27% from 69.83%. However, the claim settlement ratio by amount dropped to 58.85% in 2024 from the exceptionally high 161.63% in 2023. Consequently, total outstanding claims increased to TK 81.90 million, representing 2.47% of total equity, up from 1.93% in 2023 and 1.29% in 2022, reflecting growing claim liabilities that could exert pressure on future liquidity and underwriting performance if not managed effectively.

3.5.6 TOP CUSTOMER LIST

The company has been maintaining a robust client base over the years. The customer base is segregated in motor, marine, energy, property and casualty, health, accident and liability areas. Some of the major clients are enlisted below based on Gross Premium Earned:

SL.	Name of Customer	Gross Premium (TK in Million)
01	National Credit & Commerce Bank Ltd.	49.91
02	S. S Steel Limited	33.27
03	KSRM Steel Plant Limited	30.45
04	Shabnam Vegetable Oil Industries Limited	23.78
05	BRB Cable Industries Limited	20.38
06	Islam Group	19.21
07	Spectra Hexa Feeds Ltd.	16.86
08	Nabil Group	16.36
09	Nipa Group	16.33
10	Royal Group	14.55

4.0 FINANCIAL RISKS**4.1 EARNINGS STRENGTH**

Particulars	2024	2023	2022
Gross Premium Earned to Total Sum Insured (%)	0.18	0.22	0.00
Underwriting Income to Gross Premium (%)	13.84	18.22	20.49
Net Earnings Ratio (%)	24.69	27.76	30.11
Return on Assets (ROA) (%)	2.59	2.82	2.96
Return on Equity (ROE) (%)	3.69	3.98	4.11
Investment Yield (%)	9.67	8.38	8.15
Investment Income Ratio (%)	24.46	22.47	22.56
Net Claims Ratio or Loss Ratio (%)	20.01	17.26	19.56
Expense Ratio (%)	69.58	66.16	63.17
Combined Ratio (%)	89.59	83.41	82.73

4.1.1 Operational and profitability ratios of the company show a mixed performance in 2024 compared to prior years. Underwriting income to gross premium declined to 13.84% in 2024 from 18.22% in 2023, reflecting weakened core insurance profitability, while the net earnings ratio also fell to 24.69% from 27.76%. Return on assets (2.59%) and return on equity (3.69%) decreased slightly, suggesting reduced overall profitability, though investment performance improved, with investment yield rising to 9.67% in 2024 from 8.38% in 2023 and the investment income ratio increasing to 24.46% in 2024 from 22.47% in 2023, showing stronger returns from the investment portfolio. On the risk side, the net claims ratio increased to 20.01% in 2024 from 17.26% in 2023, and the expense ratio climbed to 69.58% in 2024 from 66.16% in 2023, pushing the combined ratio to 89.59% in 2024 from 83.41% in 2023, signaling higher claims and operating expenses that eroded underwriting margins despite better investment returns.

4.2 LIQUIDITY AND SOLVENCY

Particulars	2024	2023	2022
Total Liquid Assets (TK in Million)	1,668.71	1,700.65	1,581.63
Liquid Assets to Current Liabilities (X)	1.48	1.50	1.51
Liquid Assets to Net Claims Expense (X)	21.60	25.55	22.81
Days Premium Outstanding (Days)	-	-	-
Days Claims Outstanding (Days)	274.26	242.47	178.05
Earnings Coverage (X)	135.86	145.36	140.07
Equity to Net Claims (X)	34.19	41.34	38.21
Net Cash Flow from Operating Activities (TK in Million)	79.78	116.67	133.61

4.2.1 Liquid assets of the company declined marginally to TK 1,668.71 million in 2024 from TK 1,700.65 million in 2023, and liquidity ratios slipping — liquid assets to current liabilities fell to 1.48 times in 2024 from 1.50 times in 2023, and liquid assets to net claims expense dropped to 21.60 times in 2024 from 25.55 times in 2023, indicating reduced short-term claims-paying capacity relative to the prior year. However, the company's position in terms of liquidity is yet strong. Both earnings coverage and equity to net claims dropped to 135.86 times and 34.19 times respectively in 2024 from 145.36 times and 41.34 times respectively in 2023, but remained very strong. Operating cash flow also decreased to TK 79.78 million from TK 116.67 million, extending the downward trend since 2022, suggesting weaker cash generation from core activities despite still-healthy liquidity metrics overall.

4.3 CAPITAL ADEQUACY

Particulars	2024	2023	2022
Paid-up Capital (TK in Million)	531.45	531.45	531.45
Shareholders' Equity (TK in Million)	2,666.28	2,655.01	2,627.81
Capital Maintenance Ratio (%)	132.86	132.86	132.86
Gross Underwriting Leverage (%)	27.87	26.94	24.75
Operating Leverage (%)	14.70	14.09	13.49
Total Leverage (%)	1.20	1.96	1.48
Capital to Total Assets (%)	71.14	71.47	72.61

4.3.1 In 2024, the company's capital base remained stable with paid-up capital unchanged at TK 531.45 million and shareholders' equity increasing slightly to TK 2,666.28 million from TK 2,655.01 million in 2023, maintaining a strong capital maintenance ratio of 132.86%. Leverage metrics show a moderate upward trend in business utilization of capital, as gross underwriting leverage rose to 27.87% from 26.94% and operating leverage increased to 14.70% from 14.09%, indicating slightly higher risk-taking through premium writings and operations relative to equity. Total leverage, however, dropped to 1.20% from 1.96%, suggesting reduced reliance on debt or external liabilities. Capital to total assets remained high at 71.14%, reflecting a solid solvency position.

4.4 ASSET QUALITY

Particulars	2024	2023	2022
Total Assets (TK in Million)	3,793.35	3,789.52	3,673.35
Investment in FDR (TK in Million)	709.15	764.25	740.65
Investment Properties (TK in Million)	100.00	100.00	100.00
Total Investment (TK in Million)	964.96	1,005.88	990.55
Investment to Total Assets (%)	25.44	26.54	26.97

4.4.1 Total assets of the company remained broadly stable at TK 3,793.35 million in 2024 compared to TK 3,789.52 million in 2023. Investment in FDR declined to TK 709.15 million from TK 764.25 million, indicating a shift away from fixed deposits. Total investment fell slightly to TK 964.96 million in 2024 from TK 1,005.88 million in 2023, reducing the investment to total assets ratio to 25.44% in 2024 from 26.54% in 2023.

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Kishor Mitra
Chief Rating Officer (CRO)
National Credit Ratings Ltd

APPENDIX- I: RATING SCALE AND DEFINITIONS

<i>Long Term Rating Scale and Definitions</i>	
Rating Notches	Definition
AAA	Strongest Credit Quality
AA+	Below Strongest Credit Quality
AA	Very Strong Credit Quality
AA-	Below Very Strong Credit Quality
A+	Very Good Credit Quality
A	Above Average Credit Quality
A-	Moderately Good Credit Quality
BBB+	Moderate Credit Quality
BBB	Average Credit Quality
BBB-	Below Average Credit Quality
BB+	Moderately Below Average Credit Quality
BB	Slightly Below Average Credit Quality
BB-	Less Than Average Credit Quality
B+	Significantly Below Average Credit Quality
B	Weak Credit Quality
B-	Very Weak Credit Quality
C	Poor Credit Quality
D	Default (Failed to meet their rated financial commitment on time or when due)

<i>Short Term Rating Scale and Definitions</i>	
Rating Notches	Definition
ST-1	Strongest Ability to Meet Short Term Financial Commitments
ST-2	Above Average Ability to Meet Short Term Financial Commitments
ST-3	Average Ability to Meet Short Term Financial Commitments
ST-4	Below Average Ability to Meet Short Term Financial Commitments
ST-5	Well Below Average Ability to Meet Short Term Financial Commitments
ST-6	Default (Failed to meet their short-term financial commitments)