# ANNUAL REPORT 2017



সেন্ট্রাল ইনস্যুরেন্স কোম্পানী লিঃ

**CENTRAL INSURANCE COMPANY LIMITED**




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# LETTER OF TRANSMITTAL

Shareholders,
Bangladesh Securities & Exchange Commission (BSEC)
Insurance Development and Regulatory Authority (IDRA)
Registrar of Joint Stock Companies & Firms (RJSCF)
Dhaka Stock Exchange Limited (DSE) and
Chittagong Stock Exchange Limited (CSE)

**Sub:- Annual Report for the year ended December 31, 2017.**

Dear Sir/Madam (s),

A copy of the Annual Report alongwith the Audited Financial Statements including the Financial Position, Income Statement, Changes in Shareholders' Equity and Statement of Cash Flows for the year ended as on December 31, 2017 together with Notes thereon of Central Insurance Company Limited is being enclosed herewith for kind information, record and necessary action.

With best regards,

Yours faithfully,



(MD. JAFAR ALI FCS)
Company Secretary

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# NOTICE OF THE 30TH ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of Central Insurance Company Limited will be held on Monday, June 25, 2018 at 11-00 a.m. at Auditorium Hall, Krishibid Institution Bangladesh (KIB) Complex, Krishi Khamar Sarak, Farmgate, Dhaka-1215 to transact the following business:

## AGENDA

1. Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended December 31, 2017 together with the Auditors' Report thereon.
2. Declaration of Dividend for the year ended December 31, 2017 as recommended by the Board of Directors.
3. Election/Re-election of Directors.
4. Appointment of Auditors for the year 2018 and fix their remuneration.

By order of the Board of Directors,

(MD. JAFAR ALI FCS)
Company Secretary

Dated: 13 May, 2018

**Notes:**

A) 23rd May 2018 (Wednesday) is the Record Date. Shareholders whose names will appear in the Register of Members of the Company or in the Depository Register on that date will be eligible to attend the Annual General Meeting and receive dividend.

B) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy in his/her stead. The "Proxy Form", duly filled & stamped at Tk. 20 must be deposited at the Company's Share Department at Corporate Head Office not later than 72 (seventy-two) hours before commencement of the AGM.

C) Detailed Schedule of election/re-election of Directors is available at the Notice Board of Company at its Corporate Head Office.

D) Members are requested to notify change of address, (Name & Mailing Address) including mobile/ land phone number, particulars of Bank Account (Bank & Branch Name, Account Number, and Branch Routing Number), signature and other related information.

E) 12 (Twelve) digit Taxpayer's Identification Number (e-TIN) failing which disbursement of any cash dividend will be made (other than a company) after deduction of tax @ 15% (fifteen percent) instead of 10% (Ten percent) as per section 54 of the income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984) as amended by Finance Act., 2015.

বিঃদ্রঃ- বিঃদ্রঃ-বাংলাদেশ সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশনের সার্কুলার নং-এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ অক্টোবর ২৪, ২০১৩ এর আলোকে আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার আপ্যায়ন বা উপহারের ব্যবস্থা থাকবে না।

# BOARD OF DIRECTORS AND SPONSORS

| | | |
|---|---|---|
| **Chairman** | : | Alhaj Md. Abu Taher Chowdhury |
| **Vice Chairman** | : | Mr. Mohammed Musa |
| **Directors (Group A)** | : | Mr. Abul Kalam<br>Mrs. Rosy Rahman<br>Mr. Md. Masud Hossain<br>Alhaj Md. Shahjahan<br>Mrs. Shahida Nazneen<br>Mr. Zoynal Abedin Chowdhury<br>Mr. Ifthehar Maleque<br>Mr. Md. Masud Karim |
| **Directors (Group-B)** | : | Mr. Md. Sazzad-un Newaz<br>Mr. Sabbirul Kabir<br>Mrs. Jahanara Yousuf<br>Mr. Tauhid Rahman<br>Mrs. Shamim Ara Begum |
| **Sponsors** | : | Alhaj Md. Nurun Newaz<br>Mr. Md. Tayabur Rahman<br>Mrs. Hosne Ara Aziz<br>Haji M.A. Malek<br>Mr. Shah Alam Chowdhury<br>Alhaj Md. Yousuf Chowdhury<br>Alhaj Md. Shafi<br>Mr. Abu Mohammad<br>Mr. Nabab Siraj-ud Dowla<br>Alhaj Md. Abdul Maleque<br>Mr. Md. Nurul Islam<br>Mr. A.K.M Azizur Rahman<br>Mr. Showkat Alam<br>Mr. Mir Rahmat Ali |
| **Independent Directors** | : | Mr. Md. Abdullah Zehad<br>Mr. Md. Nurul Islam |
| **Chief Executive Officer** | : | Mr. Md. Zahid Anwar Khan |
| **Company Secretary** | : | Mr. Md. Jafar Ali FCS |

# PHOTOGRAPHS OF BOARD OF DIRECTORS



**Alhaj Md. Abu Taher Chowdhury**
Chairman



Mohammed Musa
Vice Chairman



Abul Kalam
Director



Rosy Rahman
Director



Md. Masud Hossain
Director



Alhaj Md. Shahjahan
Director



Shahida Nazneen
Director



Zoynal Abedin Chowdhury
Director



Ifthehar Maleque
Director



Md. Masud Karim
Director

# PHOTOGRAPHS OF BOARD OF DIRECTORS



Md. Sazzad-un-Newaz
Director



Sabbirul Kabir
Director



Jahanara Yousuf
Director



Tauhid Rahman
Director



Md. Abdullah Zehad
Independent Director



Md. Nurul Islam
Independent Director



Md. Zahid Anwar Khan
Chief Executive Officer



# our Vision Mission

## Our Vision

Our vision is to be the most confident and a reliable insurer of the country.

1. To uphold status of our Company as one of the most Admired, trusted & successful market leaders in the Insurance Industry of Bangladesh by providing and maintaining highest quality & innovative insurance Products & services backed by latest technologies & a team of highly dedicated & experienced professionals to deliver excellence in insurance.
2. To establish the company as a role model in the insurance sector of Bangladesh.
3. To provide our employees a safe and secured working Atmosphere.
4. To protect our environment and benefit the community where we work.

## Our Mission

Our mission is to improve the quality of the life style of the people by providing security of their trade and hard earned properties through our professional service.

1. Providing world class service with supreme security by ensuring complete risk management solutions to The clients, maintaining stringently ethical standard in business operation.
2. Increasing awareness about insurance in the country and introducing non-traditional social insurance Products for the mass people to bring them under the Insurance umbrella for enhanced social security.
3. Introducing modern insurance products comparable with international standards.
4. To maintain highest level of ethical standard and transparency in all business transactions.
5. Enhancing public confidence in the insurance Industry by ensuring benefits to the policy holders, Shareholders and the society at large.
6. To establish good governance for the company and the insurance industry as a whole.
7. To be socially responsible and make effective contribution to the national development and national Economy.
8. To provide a clear vision of the future to all of our employees to maximize their potentials to achieve a high level of performance.

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## OUR GOALS AND OBJECTIVES

**Our Goals**

Our goal is to be the top insurer in the Non-life Insurance sector of the country.

To achieve the goal we aim at:

1. Maximizing Insurance Coverage at a Minimum Cost.
2. Establishing a long term relationship with our clients and Business partners built on professional service and trust.
3. Responding quickly to new opportunities.
4. Maintaining strong relationships with a wide variety of Partners, like re-insurers, insurance brokers and so on.
5. Assessing and managing our business risks carefully.
6. Striving for continuous improvement developing Performance excellence at all levels.

**Our Objectives**

The Central focuses of our strategic objectives are as follows in brief:-

- To carry on in Bangladesh or any part of he world all kinds of Insurance Business like Fire, Lightening, Explosion, Earth Quake, hail, Air Marine, Transit Accident, Employeers Liability, Women's Compensation, Disease, Sickness Survivorship, Failure of Issue, Burglary, Bobberty, Theft, Fidelity, Motor Car, Livestock, Crops, Glass, Third Party Risk and every kind of Guarantee and Indemnity and generally every kind of insurance and re-insurance business whether now known or hereafter to be devised.
- Provide our Clients and Business partners with the best quality of faster service.
- Speedy and hassle free settlement of claims
- Maximize insurance coverage at a minimum cost
- Improve organizational structure.
- Ensure administrative transparency.
- Strengthen Corporate Governance practices.
- Enhance mass awareness abound General Insurance in Bangladesh.

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## OUR CORE VALUES

Our Core values consist of 8 key elements and these values keep us close with our Business Partner Clients. It helps us to build a strong sense of fraternity among all the Executives and Employees of the Company. These values make us different those are following:

**1. Customer Focus**
We are dedicated to satisfying customer needs and honoring commitments that we have made to them. Our customers are our partners and we remain commited to build strong relationship with them and value their loyalty as our best rewards.

**2. Integrity**
We believe integrity is the key to success. We are committed to employ the highest ethical standards, demonstrating honesty and fairness in all our actions. We earn the trust and respect of our shareholders, stakeholders, and employees, clients/business partners by our honesty, loyalty and fairness.

**3. Result Focus**
We are result focused. We strive to timely, tenaciously and consistently execute well developed plans, goals and objectives and we accept responsibility for the results they deliver. We focus both on external and internal training programs to increase our efficiency level, while improving continuously against demanding targets for integrity and professionalism.

**4. Quality**
We ensure quality both in terms of products and services. We are always open to new ideas for raising the Bar.

**5. Service**
We strive to add more value to our services that we provide to our clients and stakeholders. To ensure a better and secured service towards them. We are always ready with our online service.

**6. Teamwork**
We are committed to a teamwork environment where every individual is a valued member, treated with respect, encouraged to contribute and recognized and rewarded for his/her efforts. We emphasize on conscious self-improvement provident and information sharing among the employees to ensure a strong teamwork so as to achieve Central Insurance's vision, mission and goal.

**7. Transparency**
We encourage and inculcate total transparency and communicate openly & honesty with all our stakeholders and clients. We accept our individual and team responsibilities and we make support business decisions through experience and good judgment.

**8. Professionalism & Excellence**
We believe in developing a highly motivated, valued and diverse workforce. We strive constantly to be the best in quality and in everything we do in order to meet and exceed the highest expectations of our customers.

# COMPOSITION OF EXECUTIVE, AUDIT & MANAGEMENT COMMITTEE

## EXECUTIVE COMMITTEE

| | | | |
|---|---|---|---|
| 1. | Mr. Mohammed Musa | - | Chairman |
| 2. | Mr. Md. Masud Hossain | - | Member |
| 3. | Mrs. Rosy Rahman | - | Member |
| 4. | Mr. Zoynal Abedin Chowdhury | - | Member |
| 5. | Mr. Ifthehar Maleque | - | Member |
| 6. | Mrs. Jahanara Yousuf | - | Member |
| 7. | Mr. Md. Masud Karim | - | Member |
| 8. | Mr. Tauhid Rahman | - | Member |

## AUDIT COMMITTEE

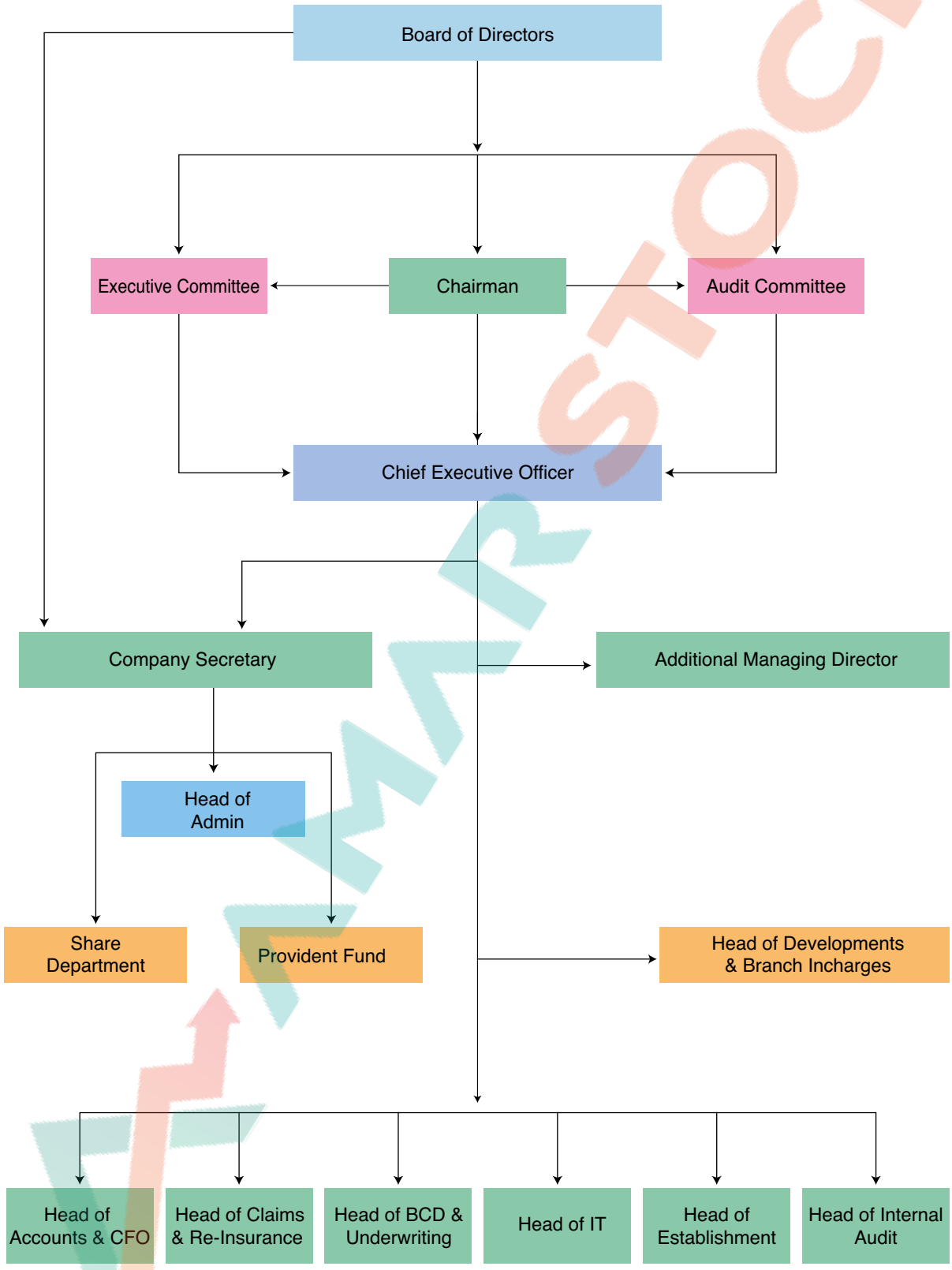
| | | | |
|---|---|---|---|
| 1. | Mr. Md. Abdullah Zehad | - | Chairman |
| 2. | Mr. Md. Nurul Islam | - | Member |
| 3. | Mr. Md. Sazzad-un Newaz | - | Member |
| 4. | Mr. Md. Jafar Ali FCS | - | Member Secretary |

## MANAGEMENT COMMITTEE

| | | | |
|---|---|---|---|
| 1. | Mr. Md. Zahid Anwar Khan | - | President |
| 2. | Mr. Md. Mizanur Rahman | - | Member |
| 3. | Mr. S.M Jahirul Alam | - | Member |
| 4. | Mr. Md. Morshed Hasan | - | Member |
| 5. | Mr. Md. Jafar Ali FCS | - | Member |
| 6. | Mr. Md. Mahfizur Rahman | - | Member |
| 7 | Mr. Md. Rezaul Islam | - | Member |

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# ORGANOGRAM OF THE COMPANY



# EXECUTIVES OF HEAD OFFICE

**(AS ON 30 APRIL, 2018)**

### CHIEF EXECUTIVE OFFICER
Md. Zahid Anwar Khan

### DEPUTY MANAGING DIRECTOR & CFO
Md. Mizanur Rahman

### SENIOR EXECUTIVE VICE PRESIDENTS

S. M Jahirul Alam
(Head of Claims & Re-Insurance)

Md. Morshed Hasan
(Head of Branch Control & U/W)

### EXECUTIVE VICE PRESIDENTS

Md. Jafar Ali FCS
(Company Secretary & Head of Admin)

Md. Mahfizur Rahman
(U/ W & Claims Department)

### SENIOR VICE PRESIDENT
Rezaul Islam, Head of IT

### VICE PRESIDENTS

Md. Azahar Hossain – Accounts

S.M Hasan Akther – Share & Establishment

### SR. ASSISTANT VICE PRESIDENTS

Md. Firoze Akhter - BCD

Ibrahim Miah - BCD

### ASSISTANT VICE PRESIDENTS

Md. Enamul Haque - Accounts
S.M Mostafizur Rahman – Accounts
Md. Golam Rejwani- Claims

Md. Faruk Hossain - Accounts
Md. Wahidur Rahman – Re-Insurance
Md. Mostafizur Rahman - Accounts
Syed Mozammel Hoque – Admin

Md. Tazul Islam Mozumder - BCD
Zahid Iqbal Mozumder - BCD
Mrs. Ruchira Sultana - BCD

### SENIOR MANAGERS

Md. Mojibullah Sikder – BCD
Subir Mistry – BCD

Md. Salah Uddin – Audit

Nur Hossain – Accounts
Md. Ruhul Quddus (Tanvir) - Accounts

### AUDITOR
G. Kibria & Co.
Chartered Accountants
24-25, Dilkusha C/A.
Dhaka-1000, Bangladesh.

### CREDIT RATING INFORMATION & SERVICES LTD. (CRISL)
Nakshi Homes (1st, 4th & 5th Floor)
6/1A, Segun Bagicha
Dhaka-1000.

### LEGAL ADVISER
Advocate A.S.M Kabir Khan
Ex. Assistant Attorney General
Room # 3020 (Annex),
Supreme Court Bar Association Building

### CORPORATE HEAD OFFICE
CIC Tower (3rd & 4th Floor)
7-8, Motijheel Commercial Area, Dhaka-1000.
Phone : 9560251-4, Fax : 9567421-2
E-mail : cic@cicl-bd.com Website: www.cicl-bd.com

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# REVIEW OF THE CHAIRMAN



Bismillahir Rahmanir Rahim

Honorable Shareholders – Assalamualaikum.

It is with great pleasure that I welcome you all to the Thirtieth Annual General Meeting (30th AGM) of Central Insurance Company Limited. As we step into the 30th year of successful business operation. Central Insurance Company Limited can proudly assert that it has persistently strived to achieve optimum value index for its shareholders from the very begging.

**Dear Shareholders,**

**Ladies and Gentlemen,**

On behalf of the Board of Directors and on my own behalf, I would like to express my sincere thanks and profound appreciation to you all place before you Company's Financial Statements and Performances for the year 2017. Fostering superior corporate governance and balancing out growth, profitability and risk to maximize intrinsic value for the enterprise, Central has remained a testimony of growth spread across three decades. Now I am pleased to announce that the overall business performance of the Company for the year 2017 is satisfactory although market is highly competitive and facing economic challenges. All the financial indicators show our performances which are given below during 2017 compared to 2016.

(In million Tk)

| Particulars | 2017 | 2016 | Growth |
|---|---|---|---|
| Gross Premium Income | 346.96 | 343.18 | 1.10% |
| Net Premium Income | 243.20 | 241.86 | 0.55% |
| Underwriting Profit | 52.41 | 51.41 | 1.94% |
| Pre-tax Profit | 111.98 | 107.21 | 4.44% |
| Net profit after tax | 83.04 | 77.75 | 6.80% |
| Total Reserve Fund | 489.14 | 464.82 | 5.23% |
| **Total Assets** | **1,702.50** | **1,608.63** | **5.83%** |

We have always emphasized on professionalism and relied on the dynamism instilled through our highly qualified personnel, who have rendered dedicated services over the years and moved the Company forward to reach its current stature. We believe that our skilled manpower is dedicated towards responding to customers' requirement with utmost transparency and conviction. We paid equal attention in launching our latest IT infrastructure and stretched network coverage to its optimum capacity.

You will also be delighted to know that Central Insurance Company Limited has been awarded "A+" by Credit Rating Information and Services Limited (CRISL) based on its financial statements ended December, 2017. This is no doubt a praiseworthy achievement which indicated very high claim ability, strong financial performance and sound solvency of the company.

Dear Shareholders, reassured by our remarkable track record; we believe that the Company is poised to surmount the challenges of the future and retain the momentum for business growth in years to come. We are most obliged and appreciative of the unrelenting support and patronage received from our clients and shareholders; as we look forward to the continuation of the same. In particular, I would like to thanks the Insurance Authorities (IDRA) along with the regulators Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Bangladesh Securities and Exchange Commission, Sadharan Bima Corporation and Government bodies for their incessant co-operation and support. Based on the operating profits for 2017, we have proposed cash dividend of 12%.

On behalf of the Board of Directors and my own, I would like to express my sincere gratitude and heartfelt thanks to the Directors for their continuous support and co-operation and I would like to record our deepest appreciation for the diligence of the management team, employees, suppliers, customers and other stakeholders for providing their valued support along with their dedicated and unflinching services to achieve our corporate goals.



Alhaj Md. Abu Taher Chowdhury
Chairman

# REVIEW OF THE CHIEF EXECUTIVE OFFICER



Bismillahir Rahmanir Rahim

**Dear Shareowners and Stakeholders of CICL**

It is my immense pleasure to give you a short review of our performance in 2017. Throughout the year we strive for maintaining the progress in many areas of our core business, prioritizing customer's utmost satisfaction. The encouragement and stimulation we obtain from our well-wishers of all corners during the year 2017 are just immeasurable. My Sincere thank goes to all of them.

**Our progress and non-life market**

In spite of the downturn of the insurance market of Bangladesh, we managed to achieve 5.83% growth on total asset comparing to the year 2016 which is presumably the highest individual achievement in the non-life segment of the market. Furthermore; our underwriting profit growth @1.94 %. Our most premium generating portfolios are Marine, Motor, Fire and Miscellaneous. With a view to generating significant premium from other niches, we are also trying our level best marketing use of our underwriting capabilities.

**Improving our core competency**

Our competitive advantage is derived from diversification of customer base, innovation of products and expanding geographical position. From this year we boldly stem into liability classes of business as a part of our introducing new products program to cater for the changing needs of today's and future SME (Short and Medium Enterprise) customers.

In our way to settle every valid claim in a shorter span to time, we attempt to improve our core competency in claims management because we want to reflect in our very dealing that insurers must be the ones who are in the business of indemnifying policyholders when misfortunes do strike.

**Managing operational risks**

Our business is subject to operational risks such as direct and indirect loss resulting from human error, failure of internal and external system since we are involved in a large number of complex transactions with clients, brokers and reinsurers. Therefore; we pay due heed to the rest improvement practices and employ a range of risk mitigation strategies based on evaluation and monitoring on an ongoing basis.

**Responsibility in the nation-building activities**

We also recognize our corporate social responsibility in the nation-building activities. In this connection we are also working for promoting the public awareness about the socio-economic role of insurance sector and thus for improving insurance performance in the country for sustainable development of the Insurance Industry.

**Dear shareowners,**

Philosophy of human capital development

Being financial service providers, we invest in human capital development in addition to our investment in IT sector. Our philosophy is that ICT investment can provide us advantages for a certain period to time, and it can easily be imitated. But it is human capital development which provides us with real competitive advantages over the year. Thus we arrange congenial environment to our staffs for ensuring self-motivation by discharging responsibilities in most professional manner.

**Regulatory Compliance**

Compliance to regulations introduced by "Insurance Development and Regulatory Authority (IDRA)" is our top priority. It is our strength which facilitates good corporate governance and adequate service levels brining sustainability. We also abide by the regulatory changes made by Bangladesh Banks and Bangladesh Securities and Exchange Commission.

**Many thanks to all of you**

In fine, I would like to express my sincere thanks to my colleagues and stakeholders for their dedication and commitment throughout the year. I believe all of you would continue to extend whole-hearted support as well as co-operation to uphold Central as a one of top insurer.

It has been a pleasure for me to have worked with the Board of Directors comprising of eminent personalities whose sound advice and strategic insight have led the company along a path of progress, Stability and prosperity. I thank the honorable Directors for their support and co-operation. I want to assure you that your investments are in capable hands and will grow over time satisfactorily.

Thanks with best regards



**Md. Zahid Anwar Khan**
Chief Executive Officer

# CODE OF CONDUCT & ETHICS FOR BOARD OF DIRECTORS

## 1. Preface:

This Code of Conduct for the Board of Directors is a guide to help Directors on the Board of the Central Insurance Company Limited to live up to Company's ethical standards. The rules and principles set forth in this Code are general in nature and the compliance with the Code shall be ensured read with other applicable policies and procedures of the Company. This code of conduct may be reviewed by the Board from time to time to keep in pace with the regulatory environment and any amendments to this Code, shall be approved by the Board of Directors.

## 2. Applicability:

The Directors both executive and non executive, are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures. The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders.

## 3. Honest & Ethical Conduct:

The Directors are required to act in accordance with the highest standards of professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events. It contains the following:

- Act honesty, fairly, ethically with integrity and loyalty.
- Act in the best interests of the Company and in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the stakeholders of the Company;
- Act in good faith, with responsibility, due care, competence and diligence.
- Treat their colleagues and other associates of the Company with dignity and shall not harass any of them in any manner.

## 4. Conflict of Interest:

The Directors are expected to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interests and the Company's business interests. A Conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. General guidelines to better understand several of the most common examples of situations that may cause a conflict of interest are listed below.

### (A). Outside Employment

Executives Directors shall not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without approval of the Board. Any outside activity must be strictly separated from the Company's employment and should not harm job performance at the company.

### (B). Board Memberships

Acceptance of Directorship on the Boards of other Companies, which compete, with the Company amounts to conflict of interest. Helping the community by serving on Boards of non-profit or welfare organizations risk encouraged, and does not require prior approval.

**(C). Family Members and Close Personal Relationships**

Directors shall not use personal influence to make the Company do business with a company/ institution in which his or her relatives are interested. As a general rule, shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In cash of conflicts, disclosure shall be made to the Board of Directors and a prior approval shall be obtained.

**(D). Gifts**

Gifts are not always physical objects – they might also be services, favors or other items of value. The Directors shall not accept lavish gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely compromise their personal or professional integrity. Gift items of nominal value, such as small promotional items bearing another company's name, business meals, gifts received because of personal relationships and not because of official position, mementos received because of attending a widely held gatherings as panelist/speaker and other customary gifts are allowed.

**(E). Investments**

Directors may not allow their investments to influence, appear to influence, their independent judgment on behalf of the Company. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Director has a significant investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party.

**(F). Diversion of Business:**

Directors shall not divert business opportunities of the Company, by exploiting for their own personal gain. However the Directors can pursue such business opportunities once they are fully disclosed to the company and the company declines to pursue such opportunities.

**(G). Use of Company's Assets:**

The assets of the Company shall be used for legitimate business purpose and shall not be used for personal purposes. Incidental personal use, if reasonable, does not amount to violation of the code.

**(H). Others:**

It would be impracticable to attempt to list all possible conflict of interest situations and it is possible that other such situations, which are not enumerated above, May arise. All such situations, which arise any questions or doubts, may please be brought to the notice of the Board for appropriate decision.

## 5. Legal Compliance:

It is the general obligation of the Directors to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines; standards including accounting standards governing its operations in the geographies the Company operate. The Directors shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to perform their obligations diligently. The Directors shall also comply with the internal policies and procedures of the Company to the extent applicable to them including but not limited compliance with Prohibition of Insider Trading policy of the Company.

## 6. Corporate Disclosure Policy:

It is the Company's policy to ensure continuous, timely and adequate disclosure of Company's information. The Company is committed to full, fair, accurate, timely and understandable disclosure in reports and documents it files with or submits to the regulatory authorities and in other public communications.

The Directors shall provide only public information to the analyst/ research person/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest. The Directors must maintain the confidentiality of information relating to the affairs of the Company until and unless authorized or legally required to disclose such information; and shall not use confidential information for their personal advantage.

### 7. Competition and Fair Dealing:

The Directors are obligated to deal fairly and honestly with each other, the Company's associates and with the Company's customers, suppliers, competitors and other third parties. Directors and Senior Management personnel shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace.

It is the duty and obligation of every Director to comply with this code of conduct and he/she shall acknowledge and affirm ongoing compliance with the code on an annual basis. Any violation of the code shall be reported to the Chairman of the Board and to the Compliance Officer of the Company. This code of conduct shall be posted on the website of the Company.

### 8. Acknowledgement:

The Directors shall read and fully understand this model code of conduct any comply with the policies procedures and principles contained therein. Appear to influence, their independent judgment on behalf of the Company. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Director has a significant investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party.

## CHAIRMAN OF THE BOARD

The Chairman of the Company is elected by the Board of Directors and the Board considers the Chairman being independent.

- The Chairman's responsibility is defined by the Board as directed by BSEC's notification on Corporate Governance Guidelines.
- As Chairman of the Board of Directors (or Chairman of any Committee formed by the Board) does not personally possess the jurisdiction on apply policy making or executive authority, he does not participate in or interfere into the administration or operational and routine affairs of the Company.
- The Chairman ensures that the Board is functioning is accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws.
- The Chairman Presides over meetings of the Board and Company (AGM) and ensures good Corporate Governance in the conducts of the Board and Company.
- The Chairman maintains relations with the relevant stakeholders in consolation with the Board as well as the Chief Executive Officer, representing the Company as a good/ responsible corporate Citizen.
- The Chairman may assure any responsibility if the Board assigns within the purview of the Relevant Rules, Regulations, Acts, and Articles.

## RESPONSIBILITIES AND DUTIES OF CEO

The Chief Executive Officer ("CEO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value. The CEO's leadership role

also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities other stakeholders and the public.

**Responsibilities:**

There is no standardized list of the major functions and responsibilities carried out by position of chief executive officer. The following list is one perspective and includes the major functions typically addressed by job descriptions of chief executive officer.

1. **Board Administration and Support**

   Supports operations and administration of Board by advising and informing Board members, interfacing between Board and staff, and supporting Board's evaluation of chief executive

2. **Program, Product and Service Delivery**

   Oversees design, marketing, delivery and quality of programs, products and services

3. **Financial, Tax, Risk and Facilities Management**

   Recommends yearly budget for Board approval and prudently manages organization's recourses within those budget guidelines according to current laws and regulations

4. **Human Resource, Management**

   Effectively manages the human resources of the organization according to authorized personnel policies and procedures that fully confirm to current laws and regulations

5. **Community and Public Relations**

   Assures the organization and its mission, programs, products and services are consistently presented in strong, positive image to relevant stakeholders

6. **Fundraising (nonprofit-specific)**

   Oversees fundraising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders, submitting proposals and administrating fundraising records and documentation

7. **Liaison with Authorities**

   The CEO has to maintain the proper liaison with the authorities like, IDRA, BSEC, DSE, CSE, Bangladesh Bank, NBR and other Authority. The CEO must be able to maintain their laws, rules, regulations, circulars and other order.

## ROLE OF CHIEF FINANCIAL OFFICER (CFO)

CFO is responsible for financial strategy, financial condition and position of the Company that requires personnel with extensive knowledge and experience to strengthen financial discipline in Company's operation. He /She will be responsible for successful implementation of financial system as per international standard, Bangladesh Bank guidelines and Bank Companies Act, Insurance Act-2010 and other related Rules and Regulations.CFO will have to work in close consultation with the CEO and report to him.

**Basic Function:**

The Chief Financial Officer is accountable for the financial and risk management operations including development of financial and operational strategy, metrics tied to that strategy and the ongoing

development and monitoring of control systems designed to preserve company assets and report accurate financial results.

**Job Description and Responsibilities:**

01. To oversee asset liability management and fund management.
02. To review the Company's financial conditions, financial position and recommend viable alternatives for cost effective operation.
03. To develop and expand financial strategy of the Company management in order to develop and strengthen the financial capacity.
04. To participate in the strategic planning process, to lead the budgeting and forecasting of the Company and to build a strong financial discipline and accountability foundation for budgeting and forecasting.
05. To establish a powerful and effective financial system in the bank and help to prepare all accounts & financial statements of the Company timely and review periodically.
06. To implement the policy & procedures relating to financial management, accounting and budget planning and to improve the quality of Company's operation.
07. To assist the Company in the field of financial and management accounting, costing and auditing. other fields of importance will include developing and implementing computerized financial system and management accounting system.
08. To ensure achievement of revenue targets on interest income and off-balance sheet earnings. ensure adherence to policies for control of assets and expenses.
09. To plan, direct and coordinate the implementation of effective accounting and financial administration policies, procedures and reports to ensure meticulous compliance of Company's financial policy for sound financial management and control of the Company.
10. Tax management – Corporate Tax, Employee Tax and VAT.
11. To prepare, present and interpret financial reports to the management, Board of Directors, shareholders and government authorities and to direct and supervise preparation of all fiscal reporting, such as cost accounting, budgets, regulatory authorities and government reports.

## ROLE OF COMPANY SECRETARY

The Board has appointed a Company Secretary in order to maintain the necessary link and liaison the Authority, Board, Management and others. The Corporate Governance Guidelines issued by BSEC also require a listed company to appoint a Company Secretary. Being a governance official, the Company Secretary drives for corporate compliance and provides support to the Chairman and other members of the Board to ensure effective functioning of the Board. The Company Secretary organizes and attends at Board and Committee meetings (Audit Committee and EC Committee), and ensures that deliberations on all issues are properly minute; decisions recorded and are duly communicated across the respective authorities.

The brief roles and responsibilities of the Company Secretary, include inter alia-

- maintaining linkage between the Board, Management, Shareholders and other stakeholders on Matters of corporate interests in a transparent.
- Driving policy compliance awareness among the Company employees.
- Compliance of the Acts, rules regulations, notifications, guidelines, orders/directives, etc. as issued by BSEC or Stock Exchange (s) applicable to the conduct of business activities of the Company so as to protect the interests of the investors and other stakeholders.

- Disclosure of the Company's price sensitive information (PSI) and other capital market related issues.
- Ensuring that appropriate Board procedures are followed as per given guidelines and best practices and advises the Board on matters as such.

## ROLE OF HEAD OF INTERNAL CONTROL:

01. Maintain and administer internal control and compliance policy ensuring that all key risks are covered by appropriate rules and that line management has an effective system in place to identify, monitor and measures risks management framework of the Company and to introduce and implement risk based internal audit system.
02. Understand and mitigate key elements of the company's risk profile.
03. Devise and monitor reliable control systems.
04. Ensure that record keeping meets the requirements of auditors and government agencies.
05. Report risk issues to the audit committee of the Board of Directors.
06. Maintain relations with external auditors and investigate their findings and recommendations.
07. To lead the Risk Management Division and report the risks to the CEO.
08. Review the findings and recommendations made by the internal & external auditors.
09. Meet the requirements of the regulatory authority regarding internal control, compliance and internal audit; provide suitable directions and leadership to the audit and inspection unit, monitoring unit and compliance unit; ensure compliance to Government Commercial audit, statutory audit (CA firms) and Bangladesh Bank audit and IDRA Audit.
10. Submit report to the CEO, Audit Committee and Board of Directors periodically with assurance that risk-based audit concept is being implemented effectively and bank's asset & liabilities and other factors are free from risks to a great extent.

## CEO CFO'S CERTIFICATE TO THE BOARD OF DIRECTORS

This is to certify that we have reviewed financial statements of the Central Insurance Company Limited for the year ended 31st December, 2017 and that to the best of our knowledge we belief that,

a) These statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;

b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

c) There are no transactions entered into by the Company during the year of 2017 which are fraudulent, illegal or violation of the Company's code of conduct.

Md. Mizanur Rahman
Chief Financial Officer

Md. Zahid Anwar Khan
Chief Executive Officer

# REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2017

The Audit Committee Report presented under condition No. 3.5 of the Bangladesh Securities and Exchange Commission (BSEC) guidelines provides an insight on the functions of the Audit Committee during the year 2017.

As mentioned in the compliance statement, the Board of Central Insurance Company Limited has formed an Audit Committee, required under the codes of Corporate Governance of BSEC, with some specific assignments under its Terms and Reference. The Committee is comprised of 3 members including 2 independent directors where one of them (Independent Director) is the chairman of the Committee. The Company Secretary performs as a Secretary to the Audit Committee. As required, all members of the Audit Committee are financially literate and are able to analyze the financial statements.

## PURPOSE OF AUDIT COMMITTEE

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and when appropriate make recommendations to the Board on business risks, internal controls and compliance. The Committee assists for the Company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors.

## RESPONSIBILITIES AND DUTIES OF AUDIT COMMITTEE

**A) Financial Reporting**

- To review the quarterly and annual financial statements of the Company, focusing particularly on;
- Any significant changes to accounting policies and practices;
- Compliance with applicable Financial Reporting Standards and other legal and regulatory Requirements.

**B) Financial Reporting**

- To consider annually the Risk Management Framework adopted within the Company
- To ensure that the system of internal control is soundly conceived

**C) Financial Reporting**

- To review the internal audit plans and to be satisfied as to their consistency with the risk Management Framework used and adequacy of coverage.
- To review status reports from the Internal Audit and ensure that appropriate actions have been Taken to implement the audit recommendations.

**D) External Audit**

- To review the external auditor's audit plan, scope and audit report.
- To review any matters concerning the appointment and re-appointment, audit fee and resignation or dismissal of The external auditor.
- To review the external auditor's findings from arising from audits.

**E) External Audit**

- To act on any other matters as may be directed by the Board.

## REPORTING OF THE AUDIT COMMITTEE

### A) Reporting to the Board of Directors

The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors in case of conflicts of interest, irregularity or material defect in the internal control system, infringement of laws, rules and regulations.

### B) Reporting to the Authorities

The Audit Committee reports to the Board of Directors about anything which has material impact on the financial condition and results of operation. The Committee also discuss with the Board of Directors and the Management if any rectification is necessary. If the Audit Committee finds that such rectifications has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities and Exchange Commission upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, which is earlier.

### C) Reporting to the Shareholders and General Meeting

Report on activities carried out by Audit Committee, including any report made to the Board of Directors under condition 3.41(ii) of the BSEC Corporate Governance Notification above during the year, shall be signed by the Chairman of the Audi Committee and disclosed in the Annual Report of the Company.

## MEETING ATTENDANCE

The Audit Committee met four times during the yerar 2017.

The Audit Committee met with the external auditor's separately, and with the internal auditors, on an annual basis without any Executive Directors being present. The Secretary of the Audit Committee facilitates the Chairman and other members for effective functioning of the Committee as per its terms of reference as well as corporate governance notification of BSEC. The Details of attendance of each member at the Audit Committee meeting during 2017 are given below :

**Attendance at Audit Committee Meetings**

| SN | Composition of Audit Committee | Held | Attended | % |
|---|---|---|---|---|
| 1. | Mr. Md. Abdullah Zehad<br>Chairman, Audit Committee (Independent Director) | 4 | 3 | 75% |
| 2 | Mr. Md. Nurul Islam<br>Member, Audit Committee (Independent Director) | 4 | 3 | 75% |
| 3 | Mr. Md. Sazzad-un Newaz<br>Member, Audit Committee | 4 | 3 | 75% |
| 4 | Mr. Md. Jafar Ali FCS<br>Member Secretary, Audit Committee | 4 | 4 | 100% |

Finally, The Audit Committee would like to express its sincere thanks to the Board of Directors, key Management Personnel, Internal Audit Division and all employees to their utmost dedication for achieving transparency in performance and all sorts of cooperation extended to the committee in discharging its responsibilities.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED 31ST DECEMBER 2017

**Dear Shareholders,**

**Ladies and Gentlemen,**

We are delighted to welcome you all to the Thirtieth Annnual G eneral Meeting of Central Insurance Company Limited and also place before you the Directors' Report along with the Audited Financial Statements and the Auditors' Report for the year ended 31st December 2017 for your kind review and approval.

Before reviewing the performance of our Company in 2017, it may be appropriate to briefly review the Global Economy, Bangladesh Economy and take stock of the situation prevailing in the insurance sector of the Country. After all, Insurance Industry particularly the non-life segment of insurance business is closely associated with the traits of the economic developments of a Country.

## GLOBAL ECONOMY: AN OVERVIEW

According to interational Monetary Fund (IMF), the global economic growth wich was 3.6% in 2016 is projected at 3.7% in 2017 and 3.9% in 2018 of which advanced economies will grow at over 2%, the U.S growth forecast has been raised from 2.3 percent to 2.7 percent in 2018; and the emerging markets and Developing countries at 6.5 percent over 2018 and 2019 years. Meanwhile ADB has made its growth forecast for developing Asian countries at 5.9 percent in 2017 and 5.8 per cent in 2018 with growth rate of over 7%. Bangladesh falls in the category of one of the countries with highest growth rate in 2016.

## GLOBAL INSURANCE PERSPECTIVE

In 2016 the world insurance premium stood at US $ 4,732.2 billion out of which US $ 2,617.0 billion is attributable to life insurance and US$ 2,115.2 billion to non-life insurance. Global insurance industry showed an overall growth rate of 3.1% in 2016 with life and non-life insurance contributing 2.5% and 3.7% respectively. Emerging markets and advanced market total premiums were up 14% and 0.7% respectively in the same period.

## BANGLADESH PERSPECTIVE

According to Bangladesh Bank, the country's economy is estimated grow at 7.3% in FY 2017 and is projected to grow at 7.4% and 7.6% in FY 2018 and FY 2019 respectively.

The growth of Non-life insurance company's premium income in Bangladesh in 2016 was 4.7% as against 8% in the previous year. In the non-life insurance sector, 46 private insurances and 1 state-owned corporation have earned Tk. 27,267 million in 2016. This is rather disappointing because the Insurance industry has not been able to keep pace with the economic growth of the country and the present growth rates compare rather unfavorably with growths in developing countries in Asia and elsewhere.

Our insurance market continues to be overcrowded when compared with our neighboring countries. Consequently, the situation in Bangladesh non-life market has continued to worsen due to the intense and cut throat competition among the existing market players.

Thus the facts we mention so far depict a gloomy picture for the market. It is simply not rational and is an unacceptable situation that the Insurance markets should go backward when the country's economy notwithstanding many problems and issues is moving forward with reasonably good rate of growth of above 7%. Ideally, Bangladesh insurance market has every potentiality to grow in high double digits by tapping the hitherto untapped segments of the market.

## PUBLIC AND CONSUMERS' PERCEPTION

It is pertinent to mention that the regulatory reforms which started with the introduction of the Insurance Act 2010 are yet to be implemented as the important regulations under the Act, governing important aspects like solvency margin, investment, management expenses, reserving have not yet been put in place. The absence of important regulations continues to create a state of vacuum and resultantly it seems to us that the insurance sector is still largely governed by the old Act i.e. Insurance Act 1938. Bangladesh is still one of the very few remaining tariff markets in Asia. So, it is obligatory for insurance Companies to charge premium rates as determined by the Central Rating Committee (CRC) of IDRA the regulator. However, although the process of reviewing the tariffs rates have already started in the light of up dated loss experience obtaining over the years, this need to be completed, otherwise many clients tend to feel that they are being overcharged.

The further progress of Bangladesh Insurance Industry predominantly depends on how the consumers' perception of insurance as a useful and efficient vehicle of risk transfer can be bolstered. This can be achieved through sustained efforts of the industry as well as the Regulators towards restoring public confidence by providing efficient services, honoring insurance rationalizing the pricing mechanism.

## DIGITALIZATION

In order to bloom and grow in the era of ICT, we have to go beyond email communication and website as well as fully embrace electronic commerce. Our future depends on nothing less than transforming our Company into a full-fledged. E-business without any delay or else we're sure to lag behind. Central Insurance is seriously proceeding with computerization of activities at all levels. In this regard, we have already launched ERP software named insurance manager software for improving better services. All the branches within Dhaka, Chittagong and Narayangonj City are already connected through an IT network. Other Branches of the Company are also being gradually brought online. Our dynamic website contains comprehensive information; Annual Report and other relevant information are also available for our valued shareholders and customers.

## GOOD CORPORATE GOVERNANCE

As a leading insurance Company in Bangladesh led by professional people, Central Insurance Company Limited is committed to adopt the highest governance standard and adjusting them as required in protecting the interest of shareholders and policyholders.

Good corporate governance system is vital for efficient and effective business operation to achieve the set goals. In line with the best practice the corporate governance systems and practices in Central Insurance are designed to ensure adequate internal control, transparency and accountability in the day to day operation. The Board of Directors always puts emphasis on the point that the Company conducts itself as a good corporate entity and complies with corporate behavior and guidelines as well as adherence to rules and regulations, etc. It also ensures that duties and responsibilities are appropriately segregated between the Board and the Management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides leadership and direction to the Management approves strategic decision make major policies and oversees Management role to attain predetermined goals and objectives of the Country. This has helped us to maintain good corporate governance. Listed below are out specific positions with respect to specific compliance requirements.

- The Financial Statements of the Company present a true and fair view of the Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law are being maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and accounting estimates are reasonable and prudent.
- The Financial Statements are prepared in accordance with international Accounting Standard (IAS) as applicable in Bangladesh.
- The Internal Control System is sound in design and effectively implemented and monitored.
- There is no significant deviation from the operating result of last year.

- Bangladesh Securities & Exchange Commission's Compliance Report is on enclosed herewith.
- Key Operating and financial data of last five years have been presented in summarized form in this report under the head "5 Years at a Glance".
- The Board of Directors of the Company has been formed an "Audit Committee" in compliance with guidelines of BSEC's notification.
- The CEO and the CFO had duly endorsed the Financial Statements of the Company before placing them before the Board for approval.
- The meetings of the Board of Directors were presided over by the Chairman. Written notices of the Board Meeting mentioning agenda along with working papers were circulated ahead of the meeting; minutes were correctly recorded, signed by the Chairman and circulated. Minutes were also shared with IDRA.

## FINANCIAL ACHIEVEMENT

Now I take this opportunity to present before you some of the prime aspects of the Company's Audited Accounts & Financial Statement 2017 compared to that of 2016:-

Gross premium income of the Company for the year 2017 was Tk.346,961,830.00 which was Tk. 34,31,75,103.00 in the year 2016. The total premium income increased by 1.10% compared to that of previous year. The net premium income of the year under review was Tk. 243,201,331.00 which was Tk. 24,18,60,975.00 in the previous year. Increase in the rate of the net premium is 0.55% over the previous year. In Bank and other financial instruments we have an investment of Tk.22.45 core and in land & building, we have so far invested Tk. 41.16 core. Business of the Company includes our Company's share of premium on account of public sector business received through the Sadharan Bima Corporation for the year ended December 31, 2017.

Now-a-days, we are facing hard competition to procure business with limited scope of opportunity and this has ultimately affected the business of our Company like others. However, at the direction of the Board of Directors our management has taken all out efforts within legal norms to increase the business and the income as well. If we can uphold the present spirit and the Company's present position in the Industry, Insha'Allah, in future our Company shall come in line with other reputed Companies.

Class wise Financial Achievement in 2017 compared to 2016 is shown below:

(Figures in million Taka)

| Description | Fire | Marine | Motor | Mise | Total 2017 | Total 2016 |
|---|---|---|---|---|---|---|
| Gross Premium | 147.95 | 128.67 | 40.12 | 30.22 | 346.96 | 343.17 |
| Re-Insurance ceded | 40.16 | 43.98 | 1.16 | 18.46 | 103.76 | 101.31 |
| Net Premium | 107.79 | 84.69 | 38.96 | 11.76 | 243.20 | 241.86 |
| Net Claim | 21.74 | 3.32 | 5.57 | 1.32 | 31.95 | 29.51 |
| Expenses of Management | 62.20 | 48.44 | 16.47 | 6.21 | 133.32 | 129.24 |
| Reserve for unexpired Risk | 43.11 | 34.28 | 15.59 | 4.70 | 97.68 | 97.21 |
| Underwriting Profit | 7.14 | 31.79 | 9.39 | 4.09 | 52.41 | 51.41 |
| Investment & other income | | | | | 68.87 | 64.71 |
| Unallocated expenses | | | | | 9.30 | 8.92 |
| Net Profit before Tax & Reserve | | | | | 111.98 | 107.21 |
| Reserve for Exceptional Losses | | | | | 24.32 | 24.19 |
| Taxation Provision | | | | | 28.94 | 29.46 |
| Net Profit after Tax | | | | | 83.04 | 77.75 |

## DIVIDEND & OTHER RESERVES

The Board of Directors of the Company has recommended 12% cash dividend for the year ended 31st December, 2017 from the net profit of Tk.111.98 million. The Board of Directors of our Company recommended transfer of Tk. 24.32 million for exceptional loss account, Tk.28.94 million as income tax. The policy of the Directors is to pay dividend to the heights possible extent from the surplus after being considered tax & reserve for exceptional loss subject to normal business condition. On 31st December, 2017 total investments in Bank & Other financial instruments are Tk.224.48 Million. This progress undoubtedly shall create hopes in the mind of valued shareholders.

## DIRECTOR LIST

During the year 2017 Alhaj Md. Abu Taher Chowdhry, Mr. Mohammed Musa, Mr. Abul Kalam, Mrs. Rosy Rahman, Mr. Md. Masud Hossain, Alhaj Md. Shahjahan, Mrs. Shahida Nazneen, Mr. Zoynal Abedin Chowdhury, Mr. Ifthehar Maleque, & Mr. Md. Masud Karim held the posts of Directors from Group-A (Sponsors) and Mr. Mohammed Sazzad-un Newaz, Mr. Sabbirul Kabir, Mrs. Jahanara Yousuf, Mr. Tauhid Rahman and Mrs. Shamim Ara Begum are Directors from Group-B (Public) shareholders and Mr. Md. Abdullah Zehad and Mr. Md. Nurul Islam hold the post of Independent Directors.

## RETIREMENT OF DIRECTORS

**Group-'A'**

In accordance with the provision of the Articles of Association of the Company, four directors from Group-A namely Mr. Zoynal Abedin Chowdhury, Mr. Md. Masud Hossain & Mr. Ifthehar Maleque will retire from office by rotation at the 30th Annual General Meeting and being eligible for reappointment. In place of three vacant posts of Directors Mr. Md. Nurul Islam, Mrs. Nurun Nahar and Ms. Angee Chowdhury Sponsor Shareholders have offered their candidature for appointment as director and their resumes are enclosed herewith.

**Group-'B'**

In accordance with the provision of the Articles of Association of the Company two directors from 'Group-B Directors namely Mrs. Jahanra Yousuf & Mr. Tauhid Rahman will retire from office by rotation at the 30th Annual General Meeting.

In pursuance of the Insurance Rules 1958, necessary arrangements have been made for election of two Directors from 'Group-B' shareholders and notice has been published in two daily newspapers inviting nominations from the eligible candidates in this respect. Mr. A. K. Gulam Kibria, Principal of G. Kibria & Co., Chartered Accountants has been appointed as Election Commissioner as per the decision of the Board of Directors.

## APPOINTMENT OF AUDITOR

M/s. Kazi Zahir Khan & Co., Chartered Accountants, Head Office: Shamsunnahar Complex, 8th Floor, Flat 9B, 31/C/1, Topkhana Road, Segunbagicha, Dhaka has applied showing expression of interest as an External Auditor for the year 2018 with remuneration of Tk. 1,25,000/- only. As per recommendation of the Board of Directors, it is submitted to the 30th Annual General Meeting for the purpose of approval by the Shareholders.

## FUTURE OUTLOOK:

We will continue to implement our projects so far undertaken and deliver value to our clients and other stakeholders in 2018 and onwards. We are confident enough that the underlying strengths of the Company our diversified business approaches, strong geographical position across all market segments, innovative products and highly efficient claims processing will surely pave the way for meeting our goals and further entrenching our leadership position in the market.

Central Insurance also has been planning to introduce insurance solutions like extended warranty insurance, migrant workers' insurance, crop insurance, livestock insurance, consumer goods (gadgets) insuranceand cyber security insurance with a view to addressing the customers' need.

## APPRECIATION

The Board of Directors also expresses its gratitude and deep appreciation to various nationalized and Private Banks, Financial Institution and Private Sector, Enterprise and over all the shareholders. The Board of Directors are grateful to the management of Royal Cement, T.K. Group, Epic Designers, Flora Limited, J.K. Group (Pvt) Ltd. Islam Group, Bengal Group, Shovon Group, Needs Group, NRG Group, Khansons Group, Alco Pharma, Ispahani Group, BRB Group, Energypac, Kabir Steel Re-Rolling Mills, Mosharraf & Brother, Aftab Group, Nipa Fashion, Nipa Pharmaceuticals, Rashid Krishi Khamar, Toka Ink (BD) Limited. Hasan Tanvir Fashion Wear Limited. Uni Gears Ltd. Faridpur Jute Fiber Ltd. Astra Pharmaceuticals, Ershad Group, Papertech Industries Ltd, Interstoff Apperals Ltd. Southeast Textile (Pvt) Ltd. Paragon Group, Hera Sweaters Ltd.

M/s. Nova Digital Electronics, Shaman Flexible Packaging Ltd. Shadma Fashion Wear Ltd. Mouchak Knit Composite Ltd. Masud Apparels Ltd. Babylon Group, Sonali Tusting & Knitting Industries Ltd. Badsha Group, Impressive Group, Md. Eliash Brothers Poi Manufacturing Plant Ltd. Madina Garments Ltd. Haque & Sons, Masud Group, Electro Mart Ltd. Daf PP Industries Ltd. Daf Group, Energypac Engineering Ltd. Alhaj Abdul Quddus Ltd. M/S. Alhaj Motahar Group and including Bosumoti Group for reposing their confidence in the Company.

On behalf of the Board of Directors,

Alhaj Md. Abu Taher Chowdhury
Chairman



Honorable Guests, Directors and Sponsors are shown at the Silver Jubilee Program of the Company

# CREDIT RATING REPORT

CRISL
*Setting global standard at national level*

Credit Rating Report

Credit Rating Information and Services Limited
Founder Member Association of Credit Rating Agencies in Asia (ACRAA), Manila, Philippines
Joint Venture with JCR VIS Credit Rating Company Ltd. Pakistan
www.crisibd.com

## CREDIT RATING REPORT
## On
## CENTRAL INSURANCE COMPANY LIMITED

### REPORT: RR/18266/18

*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.crisibd.com***

| | Claim Paying Ability |
|---|---|
| CPA Rating | A+ |
| Outlook | Stable |
| **Date of Rating:** January 03, 2018 | **Valid up to:** January 02, 2019 |


***Address:***
*CRISL*
*Nakshi Homes*
*(4th & 5th Floor)*
*6/1A, Segunbagicha,*
*Dhaka-1000*
*Tel: 9530991-4*
*Fax: 88-02-9530995*
*Email:*
*crisldhk@crisibd.com*

***Analysts:***

*Moin Uddin Ahmed*
*moinuddin@crisibd.com*

*Reaz Uddin Ahmed*
*reaz@crisibd.com*


***Entity Rating:***
***CPA Rating: A+***

***Outlook: Stable***

***Rating:***
*Based on Financials up to December 31, 2016*

***CENTRAL INSURANCE COMPANY LIMITED***

***ACTIVITY***
*Non-Life Insurance*

***DATE OF INCORPORATION***
*November 12, 1987*

***COMMENCEMENT OF BUSINESS***
*December 10, 1987*

***CHAIRMAN***
*Md. Nurul Islam*

***CHIEF EXECUTIVE OFFICER***
*Md. Zahid Anwar Khan*

***EQUITY***
*TK.1,023.60 million*

***TOTAL ASSETS***
*TK.1,608.63 million*

### 1.0 RATIONALE

CRISL has upgraded the Claim Paying Ability (CPA) Rating of 'A+' (pronounced as Single A plus) to Central Insurance Company Limited (CICL) based on the audited financials up to December 31, 2016 and other relevant qualitative and quantitative information up-to the date of rating. The above rating has been done after due consideration of its fundamentals such as Improving financial performance, good liquidity, average FDR base, diversified investment portfolio etc. However, the above rating is constrained to some extent by management expense beyond allowable limit, decline in return on investment, small market share etc.



Fig: Gross premium, Net Premium and underwriting profit trend of CICL (Tk. in Million)

CICL sources 100% of its business from Bangladesh market. The company continues to deliver a consistent pattern of underwriting and financial performance. Based on the financial results for YE2016, its profitability, solvency and technical performance indicators improve from previous year. Gross underwriting margin and net underwriting margin increased to 56.42% and 19.52% in YE2016 from 51.53% and 13.25% in YE2015 respectively. ROAA and ROAE are increased to 6.63% and 7.72% from 6.10% and 7.18% during the above periods respectively. The gross and net premium also rose during the reporting period. CRISL views CICL's investment strategy as diversified and secured with around 91.05% of its funds residing in cash and fixed deposits as well as in fixed income instruments and rest 8.95% in capital market investment indicating adoption of conservative policy.

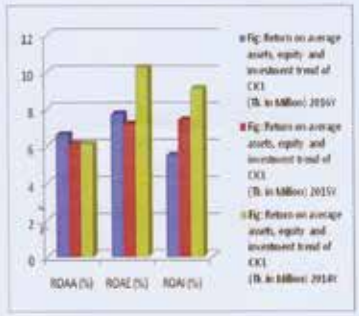


Fig: Return on average assets, equity and investment trend of CICL (Tk. in Million) 2016F
Fig: Return on average assets, equity and investment trend of CICL (Tk. in Million) 2015F
Fig: Return on average assets, equity and investment trend of CICL (Tk. in Million) 2014F

The company maintained a good capital base of its business profile to Tk.448.41 million against the regulatory minimum level of Tk.400 million.

For President & CEO
Sarwat Amina
Executive Vice President
Credit Rating Information and Services Ltd.

Page 1 of 13

TRUE STOCK

# CERTIFICATE OF CORPORATE GOVERNANCE

KMHCO. SINCE1984
কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants
Hometown Apartments (7th, 8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 9351457, 9351564,8358817
Fax : 88-02-9345792
E-mail : kmh_co@yahoo.com
website: www.kmhasan.com
McMillan Woods International
Professionalism at the forefro

## Compliance Certificate
## On
## Corporate Governance Guidelines

### To the Shareholders of
### Central Insurance Company Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Central Insurance Company Limited (the company) as stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012 and subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the company. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the company for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the compliance statement on the basis of evidences obtained and representation received thereon from the management of the company. It is neither an audit nor expression of opinion on the financial statements of the company.

Based on information and explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification of Bangladesh Securities and Exchange Commission and applicable to the company for the year ended 31 December, 2017.

**Md. Amirul Islam FCS, FCA**
Senior Partner

Place: Dhaka
Date : 30 May 2018

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

| Status of Compliance with the conditions imposed by the BSEC's Notification on Corporate Governance | | | | |
|---|---|---|---|---|
| **Condition No.** | **Title** | **Compliance Status** | | **Remarks (If any)** |
| | | **Complied** | **Not Complied** | |
| 1.1 | Board size | √ | | |
| 1.2 (i) | Number of Independent Directors | √ | | 2 Independent Directors as per Insurance Act 2010 |
| 1.2 (ii)(a) | Shareholding position of Independent Director | √ | | Nil |
| 1.2 (ii)(b) | Independent Director is not sponsor, nor any family member/family relationship of the sponsor | √ | | |
| 1.2 (ii)(c) | Independent Director does not have any other relationship with the Company or its' subsidiary associates companies | √ | | |
| 1.2 (ii)(d) | Independent Director is not a member, director or officer of any stock exchange | √ | | |
| 1.2 (ii)(e) | Independent Director is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market | √ | | |
| 1.2 (ii)(f) | Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm | √ | | |
| 1.2 (ii)(g) | Independent Director shall not be an independent director in more than 3 (three) listed companies | √ | | |
| 1.2 (ii)(h) | Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI | √ | | |
| 1.2 (ii)(i) | Independent Director has not been convicted for a criminal offence involving moral turpitude. | √ | | |
| 1.2(iii) | The Independent Director(s) shall be appointed by the board, and approved by the shareholders in the Annual General Meeting (AGM) | √ | | |
| 1.2(iv) | The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days | √ | | |
| 1.2(v) | The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded | √ | | |
| 1.2(vi) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | √ | | |
| 1.3 | Qualification of Independent Director (ID) | | | |
| 1.3(i) | Independent director shall be a knowledgeable individual with integrity, ensure compliance with financial, regulatory and corporate laws. | √ | | |
| 1.3(ii) | Independent Director should be a Business Leader/ Corporate Leader Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals. Independent Director must have at least 12 (twelve) years corporate management/ professional experiences | √ | | |
| 1.3(iii) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission | | | Not applicable |

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---|---|---|---|---|
| | | Complied | Not Complied | |
| 1.4 | Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer. | √ | | |
| 1.5 | The Director's Report to Shareholders shall include the following additional statements. | | | |
| 1.5(i) | Industry outlook and possible future developments in the industry | √ | | Available in Annual Report |
| 1.5(ii) | Segment-wise or product-wise performance | √ | | Available in Annual Report |
| 1.5(iii) | Risks and concerns | √ | | Available in Annual Report |
| 1.5(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin | | | Not applicable |
| 1.5(v) | Discussion on continuity of any Extra-Ordinary gain or loss. | | | Not applicable |
| 1.5(vi) | Basis for related party transactions-a statement or all related party transactions should be disclosed in the annual report | | | Not applicable |
| 1.5(vii) | Utilization of proceeds from public issues, rights issues and/or through any others instruments. | | | Not applicable |
| 1.5(viii) | An explanation if the financial results deteriorate after the Company goes IPO, RPO, Rights Offer, Direct Listing, etc. | | | Not applicable |
| 1.5(ix) | Significant variance occurs between Quarterly Financial Performance and Annual Financial Statements | √ | | No such significant variance occurs |
| 1.5(x) | Remuneration to directors including independent director | √ | | Available in Annual Report |
| 1.5(xi) | Financial statements present fairly state of affairs, the result of its operations, cash flows and changes in Shareholders' equity of the Company | √ | | |
| 1.5(xii) | Proper books of account of the issuer Company have been maintained | √ | | |
| 1.5(xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. | √ | | |
| 1.5(xiv) | International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standard (IFRS)/ Bangladesh Financial Reporting Standards (BERS), as applicable in Bangladesh have been followed in preparation of the financial statements | √ | | |
| 1.5(xv) | The system of internal control is sound in design and has been effectively implemented and monitored | √ | | |
| 1.5 (xvi) | There are no significant doubts upon the issuer Company's ability to continue as a going concern. | √ | | Available in the Annual Report |
| 1.5(xvii) | Significant deviations from the last year's operating results of the Company shall be highlighted | | | Not applicable |
| 1.5(xviii) | Key operating and financial data of at least preceding 5 (five) years shall be summarized | √ | | Available in the Annual report |

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---|---|---|---|---|
| | | Complied | Not Complied | |
| 1.5(xix) | If the issuer Company has not declared dividend (cash or stock) for the year | √ | | Declared dividend regularly (Cash & Stock) |
| 1.5(xx) | The number of Board meeting held during the year and attendance by each director shall be disclosed | √ | | 5 Meetings took place with an average 75% attendance |
| 1.5(xxi)(a) | Share holding position parent/ Subsidiary/ Associated Companies and other related parties | √ | | Available in the Annual Report |
| 1.5(xxi)(b) | Share holding position of Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children | √ | | Available in the Annual Report |
| 1.5(xxi)(c) | Share holding position of Executives of the Company | √ | | Available in the Annual Report |
| 1.5(xxi)(d) | Share holding ten percent (10%) or more voting interest in the Company | √ | | Available in the Annual Report |
| 1.5(xxii)(a) | A brief resume of the appointed/re appointed director | √ | | Available in the Annual Report |
| 1.5(xxii)(b) | Expertise is specific functional areas of the appointed/ reappointed director | √ | | |
| 1.5(xxii)(c) | Names of companies in which the person also holds the directorship and the and the membership of committees of the board | √ | | Available in the Annual Report |
| 2.1 | The Company appointed Chief Financial Officer, a Head of Internal Audit (Internal Control and Compliance) and Company Secretary. The Board of Directors clearly defined respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS | √ | | |
| 2.2 | Requirement to attend the Board Meeting. The CFO and the Company Secretary of the companies attend meetings of the Board of Directors | √ | | |
| 3 | Audit Committee | | | |
| 3(i) | The Company has an Audit Committee as a sub-committee of the Board of Directors | √ | | |
| 3(ii) | The Audit Committee assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business | √ | | |
| 3(iii) | The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee clearly set forth in writing | √ | | |
| 3.1 | Constitution of the Audit Committee | | | |
| 3.1(i) | The Audit Committee shall be composed of at least 3 (three) members | √ | | 3 (three) members |
| 3.1(ii) | The Board of Directors appointed members of the Audit Committee who are directors of the company and includes 1 (one) independent directors | √ | | |
| 3.1(iii) | All members of the audit committee are “financially literate” and 1(one) member have accounting or related financial management experience | √ | | |

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---|---|---|---|---|
| | | Complied | Not Complied | |
| 3.1(iv) | Board of Directors appoint the new Committee member(s) to fill up the vacancy immediately or not later than 1 (one) month from the date vacancies in the Committee | √ | | |
| 3.1(v) | The Company secretary shall act as the secretary of the committee | √ | | |
| 3.1(vi) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director | √ | | |
| 3.2 | Chairman of the AuditCommittee | √ | | |
| 3.2(i) | Independent Director is the Chairman of the Audit Committee | √ | | |
| 3.2(ii) | Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM) | √ | | |
| 3.3 | Role of the Audit Committee | √ | | |
| 3.3(i) | Audit Committee oversees the financial reporting process | √ | | |
| 3.3(ii) | Audit Committee monitor choice of accounting policies and principles | √ | | |
| 3.3(iii) | Audit Committee monitor Internal Control Risk Management process | √ | | |
| 3.3(iv) | Audit Committee oversee hiring and performance of external auditors | √ | | |
| 3.3(v) | Audit Committee review along with the management, the actual financial statements before submission to the board for approval | √ | | |
| 3.3(vi) | Audit Committee review the quarterly and half yearly financial statements before submission to the board for approval | √ | | |
| 3.3(vii) | Audit Committee review the adequacy of internal audit function | √ | | |
| 3.3(viii) | Audit Committee review statements of significant related party transactions submitted by the management | | | No such case raised |
| 3.3(ix) | Audit Committee review Management Letters/Letter of Internal Control weakness issued by statutory auditors. | | | No such case raised |
| 3.3.(x) | Money is raised through IPO. RPO/Rights Issue the Company shall disclose to the Audit Committee about the uses/ applications of funds. | | | Not applicable |
| 3.4 | Reporting of the Audit Committee | √ | | |
| 3.4.1 | Reporting to the Board of Directors | √ | | |
| 3.4.1(i) | The Audit Committee shall report on its activities to the Board of Directors | √ | | |
| 3.4.1(ii)(a) | The Audit Committee shall immediately report on conflict of interest. | | | No conflict of interest |
| 3.4.1(ii)(b) | Suspected or presumed fraud or irregularity or material defect in the internal control system. | | | No such case raised |
| 3.4.1(ii)(c) | Suspected infringement of laws, including securities related laws, rules and regulations. | | | No such case raised |
| 3.4.1(ii)(d) | Any other matter which shall be disclosed to the Board of Directors immediately | √ | | |
| 3.4.2 | If the Audit Committee reported to the Board of directors about anything which has material impact on the financial condition as result of operation. Audit Committee founds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission. | √ | | |

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---|---|---|---|---|
| | | Complied | Not Complied | |
| 3.5 | Report on activities carried out by the Audit Committee, under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee | √ | | |
| 4 | External/statutory auditors to perform | | | |
| 4(i) | Appraisal or valuation services or fairness opinions | √ | | |
| 4(ii) | Financial information systems design and implementation. | √ | | |
| 4(iii) | Book-keeping or other services related to the accounting records or financial statements | √ | | |
| 4(iv) | Non-engagement in Broker-dealer services | √ | | |
| 4(v) | Non-engagement Actuarial services | √ | | |
| 4(vi) | Internal audit services | √ | | |
| 4(vii) | Any other service that the Audit Committee determines | √ | | |
| 4(viii) | No partner or employees of the external audit firms shall possess any share of the Company | √ | | |
| 4(ix) | Audit/Certification services on compliance of corporate governance as required under clause (i) of condition no.7 | √ | | |
| 5 | Subsidiary Company | | | |
| 5(i) | The compositions of the Board of Directors of the subsidiary Company. | √ | | |
| 5(ii) | At least 1 (one) independent director shall be a director on the Board of Directors of the subsidiary Company. | √ | | |
| 5(iii) | The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company | √ | | |
| 5(iv) | The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also | √ | | |
| 5(v) | The Audit Committee of the holding company shall also review the investments made by the subsidiary Company | √ | | |
| 6 | Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | √ | | |
| 6(i)(a) | The CEO and CFO shall certify to the Board that Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | √ | | |
| 6(i)(b) | Financial statements together present a true and fair view the Company's affairs and are in compliance existing accounting standards and applicable laws. | √ | | |
| 6(ii) | To the best of knowledge and belief, no transaction entered into by the Company during the year which fraudulent, illegal or violation of the Company's code of conduct. | √ | | |
| 7 | Reporting and Compliance of Corporate Governance | | | |
| 7(i) | The Company obtained a certificate from a practicing Chartered Accountant regarding compliance of conditions of Corporate Governance Guidelines. | √ | | Certificate available in the Annual Report |
| 7(ii) | The directors of the Company shall state, in accordance with the Annexure attached, in the directors' report whether the Company has complied with these conditions | √ | | |

# SHARE HOLDING POSITION OF DIRECTORS, SPONSORS & SR. OFFICIALS AS ON 31ST DECEMBER 2017

| (1) Name of Directors | Number of shares | (ii) Name of Sponsors | Number of shares |
|---|---|---|---|
| Alhaj Md. Abu Taher Chowdhury | 9,43,032 | Alhaj Md. Nurun Newaz | 11,47,902 |
| Mr. Mohammed Musa | 9,41,911 | Mr. Md. Tayabur Rahman | 11,77,052 |
| Mr. Abul Kalam | 19,61,762 | Mrs. Hosne Ara Aziz | 2,62,500 |
| Mrs. Rosy Rahman | 9,43,221 | Haji M. A. Malek | 19,150 |
| Mr. Md. Masud Hossain | 11,77,052 | Mr. Shah Alam Chowdhury | 2,02,042 |
| Alhaj Md. Shahjahan | 9,42,103 | Alhaj Md. Yousuf Chowdhury | 4,98,298 |
| Mrs. Shahida Nazneen | 9,41,758 | Alhaj Md. Shafi | 1,35,476 |
| Mr. Zoynal Abedin Chowdhury | 10,50,000 | Mr. Abu Mohammad | 9,41,880 |
| Mr. Ifthehar Maleque | 9,43,144 | Mr. Nabab Siraj-ud-Dowla | 9,42,103 |
| Mr. Md. Masud Karim | 9,49,545 | Alhaj Md. Abdul Maleque | 2,42,967 |
| Mr. Md. Sazzad-un Newaz | 9,44,969 | Mr. Md. Nurul Islam | 9,43,031 |
| Mr. Sabbirul Kabir | 11,54,991 | Mr. A.K.M Azizur Rahman | 1,20,428 |
| Mrs. Jahanara Yousuf | 9,43,034 | Mr. Showkat Alam | 1,28,750 |
| Mr. Tauhid Rahman | 5,25,000 | Mr. Mir Rahmat Ali | 1,26,421 |
| Mrs. Shamim Ara Begum | 3,34,737 | | |
| Mr. Md. Abdullah Zehad | Nil | | |
| Mr. Md. Nurul Islam | Nil | | |

(iii) Shareholding of the Executives:

| Name of the Executives | Designation | Number of Share held |
|---|---|---|
| Mr. Md. Zahid Anwar Khan | Chief Executive Officer | Nil |
| Mr. Md. Mizanur Rahman | DMD & CFO | Nil |
| Mr. Md Jafar Ali FCS | Company Secretary | Nil |
| Mr. Md. Salah Uddin | Head of Internal Audit | Nil |
| Spouses & minor childrens of executives | | Nil |

(iv) Shareholding position of the Executives (Top four salaried employees)

| Name of the Executives | Designation | Number of Share held |
|---|---|---|
| Mr. S.M. Jahirul Alam | Sr. Executive Vice President | Nil |
| Mr. Md. Morshed Hasan | Sr. Executive Vice President | Nil |
| Mr. Md. Mahfizur Rahman | Executive Vice President | Nil |
| Mr. Md. Rezaul Islam | Senior Vice President | Nil |
| Spouses & minor childrens of executives | | Nil |

# BOARD MEETING HELD IN THE YEAR 2017

| Name of Meeting | Meeting Date | Director present (A) | Director present (B) | Independent Director | Total present |
|---|---|---|---|---|---|
| 206th Board Meeting | 02/02/2017 | 9 | 4 | 2 | 15 |
| 207th Board Meeting | 30/03/2017 | 8 | 4 | 2 | 14 |
| 208th Board Meeting | 15/05/2017 | 6 | 2 | 2 | 10 |
| 209th Board Meeting | 28/07/2017 | 6 | 2 | 2 | 10 |
| 210th Board Meeting | 26/10/2017 | 5 | 3 | 2 | 10 |

# COMPANY'S PERFORMANCE

## 5 Years at a Glance

Taka in Million

| Financial Performance | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Gross Premium | 268.58 | 302.94 | 308.52 | 343.17 | 346.96 |
| Net Premium | 199.41 | 203.89 | 221.19 | 241.86 | 243.20 |
| Net Claim | 61.89 | 46.20 | 36.84 | 29.51 | 31.95 |
| Underwriting Profit | 44.99 | 47.83 | 30.97 | 51.41 | 52.41 |
| Investment & Other Income | 87.64 | 93.57 | 75.11 | 64.71 | 68.87 |
| Net Profit before Tax | 123.39 | 134.17 | 97.47 | 107.21 | 111.98 |
| Net Profit after Tax | 82.05 | 92.39 | 69.73 | 77.75 | 83.04 |
| **Share Capital and Reserve** | | | | | |
| Paid up Capital | 415.19 | 415.19 | 448.41 | 448.41 | 470.83 |
| Shareholders Equity | 917.26 | 951.03 | 991.19 | 1023.60 | 1073.75 |
| Total Reserves | 387.77 | 416.52 | 440.64 | 464.82 | 489.14 |
| **Assets** | | | | | |
| Investment | 180.07 | 179.36 | 185.10 | 190.86 | 224.48 |
| Cash, FDR and Bank balances | 604.85 | 588.46 | 589.79 | 546.48 | 554.42 |
| Land at Cost | 339.94 | 379.04 | 402.82 | 409.49 | 411.59 |
| Fixed Assets | 20.07 | 19.66 | 22.27 | 19.83 | 19.18 |
| Other Assets | 322.12 | 405.69 | 425.63 | 441.97 | 492.83 |
| Total Assets | 1467.05 | 1572.21 | 1625.61 | 1608.63 | 1702.50 |
| **Ratios** | | In Taka | | | |
| Dividend in Percent | 14% Cash | 7% C & 8% B | 10% Cash | 7% C & 5% B | 12% Cash |
| Earning per Share (Weight average) | 1.98 | 2.21 | 1.54 | 1.72 | 1.73 |
| Book Value per Share | 20.69 | 22.91 | 22.10 | 22.83 | 22.81 |





Shareholders' Attendance at 29th AGM

# PHOTOGRAPH OF SHAREHOLDERS & OTHERS



Seminar on Strategic Management




Managers' Conference 2018



Honorable Participants of Managers' Conference 2018



Honorable Participants of Managers' Conference 2018

# PHOTOGRAPH OF SHAREHOLDERS & OTHERS



A View of Honorable Shareholders Passing Agendas of 29th AGM



Munajat for Peace and Prosperity for all by the Honorable Shareholders on the occasion of the 29th AGM



A view of Honorable Shareholders on the occasion of the 29th AGM

# PHOTOGRAPH OF SHAREHOLDERS & OTHERS



Honorable Guests and Office Executives are shown at the Silver Jubilee program of the Company



Seminar on Operational Process & Evaluation of Business Performances



A Cheque Handover against Fire Claim



Seminar on Awareness of Anti Money Laundering

# INVESTORS' INFORMATION & HISTORY OF THE COMPANY

**Corporate Information**

| | | |
|---|---|---|
| First Board Meeting | : | 18th March, 1988 |
| Date of incorporation | : | 12th November, 1987 |
| Obtained certificate for commencement of business | : | 12th November, 1987 |
| Registered with the Insurance Development Regulatory Authority | : | 30th November, 1987 |
| Commencement of Business | : | 10th December, 1987 |
| First Dividend Declared | : | 1992 |
| Listing on Dhaka Stock Exchange Ltd. | : | 20th March,1995 |
| Listing on Chittagong Stock Exchange Ltd. | : | 22nd October, 1995 |
| Prospectus issued for public subscription | : | 22nd September, 1994 |
| Subscription Opened | : | 19th December, 1994 |
| Subscription Closed | : | 28th December, 1994 |
| Public Subscription | : | Tk. 3.00 crore |
| Amount over subscription | : | Tk. 32,38,24,500.00 |
| First Trading of shares on Dhaka Stock Exchange Ltd. | : | 20th March, 1995 |
| First Trading of shares on Chittagong Stock Exchange Ltd. | : | 22nd October, 1995 |
| Market Price of each share as introduce in DSE | : | 177.17 |
| 1ST AGM in participation of public shareholders at Pan Pacific Sonargaon Hotel | : | 7th August, 1995 |
| Issuance of 1st Bonus share | : | 11th September, 2004 |
| Agreement Sign with CDBL | : | 23rd July, 2005 |
| Issuance of 1st Right Share | : | 24th April, 2006 |

**Capital structure & share Value**

| | | |
|---|---|---|
| Authorised Capital | : | Tk. 100.00 crore |
| Issued, Subscribed & Paid-up Capital | : | Tk. 47,08,29,000.00 |
| Number of shares issued | : | 4,70,82,900 nos. |
| Face value per share | : | Tk. 10.00 |
| Market Lot of share | : | 200 nos. |
| Number of shareholders as on 31st December, 2017 | : | 3015 Nos. |
| First election of Public Directors | : | 26th November, 1997 |
| Book value per share | : | Tk. 22.10 |
| Market price – DSE in 2017 | : | (High) Tk. 25.90 (Low) Tk.18.60 |
| Market price – CSE in 2017 | : | (High) Tk. 26.00 (Low) Tk.18.90 |

AMAR STOCK

# SHORT PARTICULARS ABOUT DIRECTORS AND SENIOR CORPORATE OFFICIALS

| Name | Status | Eduction | TIN | Directorship in other companies/Experiences |
|---|---|---|---|---|
| Alhaj Md. Abu Taher Chowdhury | Chairman | B. Com. | 679305213612 | Proprietors-M/s. Fairuz Flour Mills |
| Mr. Mohammed Musa | Vice-Chairman | B. Com. & M. Com. | 644279196908 | MD-Madina Garments Ltd. |
| Mr. Abul Kalam | Director | Kamil | 824604660698 | Chairman- Y. K. Group of Companies |
| Mrs. Rosy Rahman | Director | HSC | 287862539300 | Director-Sonargaon Textiles Ltd. |
| Mr. Md. Masud Hossain | Director | B. Com. | 429223847831 | Proprietors-M/s. M. N. Trading & Co. |
| Alhaj Md. Shahjahan | Director | B. Sc. | 377-100-1621 | MD-KSRM, Royal Cement |
| Mrs. Shahida Nazneen | Director | B. Sc (Hon's) M. Sc | 854714914498 | MD-Horizon Homes Ltd. |
| Mr. Zoynal Abedin Chowdhury | Director | MBA (USA) | 295253216758 | CEO-ASM Chemical Industries Ltd. |
| Mr. Ifthehar Maleque | Director | L.L.M. | 873021315206 | DMD-Bengal Group BD. |
| Mr. Md. Masud Karim | Director | MBA (UK) | 139748415395 | MD- Masud Properties Ltd. Prop-M/s. A.K.R. Trade International |
| Mr. Md. Sazzad-un-Newaz | Director | MBA | 540167830120 | Director-Electro Mart Ltd. & Trade International Mkt. Ltd. |
| Mr. Sabbirul Kabir | Director | BBA | 128003235234 | Proprietor- Pain Plastic Industry |
| Mrs. Jahanara Yousuf | Director | B. A. | 388-100-6966/15 | House-wife |
| Mr. Tauhid Rahman | Director | BBA & MBA | 354863301764 | Prop-M/s. AKASH Commodities.Global Prime Agency and Associated Islamia Products Ltd. |
| Mrs. Shamim Ara Begum | Director | HSC | 434829503824 | House-wife |
| Mr. Md. Abdullah Zehad | Ind. Director | B. Com.(Hon's), M. Com. Accounting & MBA " | 545317176630 | GM & Company Secretary of Aziz Group and having 12 years prior experience as a corporate leader with the Reliance Insurance Company Ltd. |
| Mr. Md. Nurul Islam | Ind. Director | M. Sc (Hon's), M. Sc. | 287152151517 | Principal- Moulavi Shamsul Karim College, Feni |
| Mr. Md. Nurul Islam | To be Director | B. Com. | 399224756192 | Proprietors-M/s. N. I. Trading Corporation & M/s. Islamia Auto Traders |
| Mrs. Nurun Nahar | To be Director | SSC | 795267740185 | House-wife |
| Ms. Angee Chowdhury | To be Director | BBA (USA) | 249342218081 | Study in USA |
| Mr. Md. Zahid Anwar Khan | CEO | B. Com (Hon's), M.Com. | 161820807832 | Having 27 years experience in insurance Sector in Senior Position |
| Mr. Md. Mizanur Rahman | CFO | B. Com.(Hon's) C.A. Inter | 210755562862 | Having 29 years experience in insurance Sector in Senior Position |
| Mr. Md. Jafar Ali FCS | Co. Secretary | BBA,MBA, ITP & FCS | 111983785449 | Having 10 years Finance & Accounting & 4 years C. S. related Experience |

TALUKDER STOCK

# DIRECTORS' CERTIFICATE

As per Regulations contained in the First Schedule of the Insurance Act, 1938 as amended and as per Section 40-C of the said Act, we certify that:

1. The value of investments as shown in the Balance Sheet has been taken at cost.

2. The values of all assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at 31st December, 2015 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market values under the Several headings as enumerated in the annexed form.

3. All expenses of Management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous insurance business have been duly debited to the related Revenue Accounts and Profit & Loss Account.

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

G. KIBRIA & CO.
Chartered Accountants

An independent member of gmn international
An association of legally independent accounting firms worldwide

# Auditors' Report to the Shareholders' Of Central Insurance Company Limited

We have audited the accompanying Financial Statements of Central Insurance Company Limited, which comprise the Statement of Financial Position as at December 31, 2017, and the Statement of Profit or Loss and other Comprehensive Income, Profit or Loss Appropriation Account, Consolidated Insurance Revenue Account, Fire Insurance Revenue Account, Marine and Marine Hull Insurance Revenue Account, Motor Insurance Revenue Account, Miscellaneous Insurance Revenue Account, Statement of Changes in Shareholder's Equity, Statement of Cash Flows for the year then ended, Form "AA" as at December 31, 2017 and a summary of significant accounting policies and other explanatory information disclosed in Notes 1 to 42.

**Management's Responsibility for the Financial Statements**

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial reporting Standards (BFRSs), along with Rules & Regulation issued by the Insurance Development and Regulatory Authority (IDRA) and Insurance Act 2010, Insurance Rules 1958, SEC Rules 1987 and the Companies Act 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are responsible in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly in all material respects, the financial position of Central Insurance Company Limited as at December 31, 2017 and of its operations and its Cash Flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), Insurance Act 2010, Insurance Rules 1958, SEC Rules 1987 and the Companies Act 1994 and comply with the other applicable laws and regulations.

G. KIBRIA & CO. DHAKA CHARTERED ACCOUNTANTS

Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha Commercial Area , Dhaka-1000, Bangladesh.
Phone: 880-2-9568071, 880-2-9570717, 880-2-9575324, Fax: 880-2-9553630
E-mail: kibria03@hotmail.com, gkibria@gkibriaandco.com, Web :gkibriaandco.com

# G. KIBRIA & CO.

Chartered Accountants

An independent member of gmn international
An association of legally independent accounting firms worldwide

**Emphasis of Matter**

We draw attention to the following matters, though our opinion is not qualified in respect of the same:

- The management needs to establish the Workers Profit Participation Fund (WPPF) complying the Labor Act 2006 and as amended.
- As disclosed in the note 7 and 12 regarding amount payable to Tk. 43,090,270 and receivable Tk. 166,031,322 from Sadharan Bima Corporation balances are subject to the confirmation.
- As disclosed in note 8.01 the company has not calculated deferred tax during the reporting period as per IAS-12.

**Report on Other Legal and Regulatory Requirements**

**We also report that:**

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and (where applicable) proper returns adequate for the purpose of our audit have been received from branches not visited by us and incorporated in the accompanying accounts;

c) the Company's Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income and Statements of Cash Flows dealt with by the report are in agreement with the books of accounts and drawn as per Insurance Act 2010;

d) the expenditure incurred and payments made during the year were for the purposes of the company's business;

e) As per section 63 (2) of the Insurance Act 2010 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred and whether incurred directly or in indirectly, in respect of insurance business of the Company transacted in Bangladesh during the year under audit have been duly debited to the related Revenue Accounts and the Statement of Profit or Loss and other Comprehensive Income of the Company;

e) As per Section 59(5) of the Insurance Act 2010 as amended rule 1958, we also certify that to the best of our information and as shown by its books, the company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured aboard.

**G. KIBRIA & Co.**
Chartered Accountants.

G. KIBRIA & CO. DHAKA CHARTERED ACCOUNTANTS

Place: Dhaka
Date: 26 APR 2018

Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha Commercial Area , Dhaka-1000, Bangladesh.
Phone: 880-2-9568071, 880-2-9570717, 880-2-9575324, Fax: 880-2-9553630
E-mail: kibria03@hotmail.com, gkibria@gkibriaandco.com, Web :gkibriaandco.com

# Central Insurance Company Limited

## STATEMENT OF FINANCIAL POSITION AS

| CAPITAL & LIABILITIES | NOTES | Taka 2017 | Taka 2016 |
|---|---|---|---|
| **SHARE CAPITAL** | | | |
| **AUTHORISED** | | | |
| 100,000,000 Ordinary shares of Tk.10 each | 2.00 | 1,000,000,000 | 1,000,000,000 |
| **ISSUED, SUBSCRIBED AND PAID UP** | | 470,829,000 | 448,408,570 |
| 47,082,900 Ordinary shares of Tk.10 each | | | |
| **SHARE PREMIUM** | | 56,167,900 | 56,167,900 |
| 11,233,580 Ordinary shares of Tk.5 each | | | |
| **RESERVE OR CONTINGENCY ACCOUNT** | 3.00 | 546,756,265 | 519,026,238 |
| Reserve for exceptional losses | | 238,943,625 | 214,623,492 |
| General Reserve | | 29,000,000 | 29,000,000 |
| Investment Equalization Fund | | 14,600,000 | 14,600,000 |
| Revaluation Reserve | | 206,599,638 | 206,599,638 |
| Profit & Loss Appropriation Account | | 57,613,002 | 54,203,108 |
| **BALANCE OF FUND & ACCOUNT** | 4.00 | 97,682,447 | 97,211,979 |
| Fire Insurance Business Account | | 43,114,622 | 38,615,232 |
| Marine Insurance Business Account | | 34,278,756 | 41,338,847 |
| Motor Insurance Business Account | | 15,585,841 | 13,690,584 |
| Misc. Insurance Business Account | | 4,703,228 | 3,567,316 |
| **DEPOSIT PREMIUM** | 5.00 | 22,284,023 | 21,320,400 |
| **LIABILITIES & PROVISIONS** | | 77,223,141 | 82,384,304 |
| Estimated liability in respect of outstanding- claims whether due or intimated | 6.00 | 32,580,794 | 20,330,953 |
| Amount due to other persons or bodies- carrying on insurance business | 7.00 | 44,642,347 | 62,053,351 |
| SUNDRY CREDITORS (Including provision for expenses & taxes) | 8.00 | 385,160,196 | 354,222,531 |
| OTHER LIABILITIES ( Bank Overdraft) | 9.00 | 46,392,976 | 29,888,785 |
| **Total Taka :** | | **1,702,495,948** | **1,608,630,707** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

AMARSTOCK

# Central Insurance Company Limited

AT DECEMBER 31,2017

| PROPERTY & ASSETS | NOTES | Taka 2017 | Taka 2016 |
|---|---|---|---|
| **INVESTMENT (At cost)** | 10.00 | 224,481,833 | 190,863,883 |
| **INTEREST, DIVIDEND & RENT OUTSTANDING** | 11.00 | 17,515,498 | 17,352,262 |
| Accrued Interest | | | |
| **AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** | 12.00 | 169,545,046 | 161,999,275 |
| **SUNDRY DEBTORS** | 13.00 | 304,714,484 | 261,242,469 |
| **CASH AND BANK BALANCES** | 14.00 | 554,415,155 | 546,475,806 |
| Fixed Deposit Accounts | | 526,450,010 | 520,600,010 |
| Current and STD Accounts | | 26,257,135 | 24,148,973 |
| Cash and Cash Equivalents | | 1,708,010 | 1,726,823 |
| **OTHER ACCOUNTS** | | 431,823,932 | 430,697,012 |
| Property, Building & Land Development | 15.00 | 411,585,342 | 409,485,276 |
| Plant, Office Equipments & Other Fixed Assets | 16.00 | 19,179,629 | 19,833,431 |
| Stock of Stationery | 17.00 | 461,729 | 414,714 |
| Security Deposit | 18.00 | 162,175 | 162,175 |
| Insurance Stamps in hand | 19.00 | 435,057 | 801,416 |
| **Total Taka :** | | **1,702,495,948** | **1,608,630,707** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR

| | Taka 2017 | Taka 2016 |
|---|---|---|
| **Expenses of Management** | | |
| (Not Applicable to any particular Fund or Account) | 9,303,550 | 8,917,915 |
| Advertisement & Publicity | 375,290 | 614,678 |
| Directors Meeting Fee | 385,250 | 503,750 |
| Audit and Retainers Fee | 268,250 | 276,500 |
| Legal and Professional Fees | 573,583 | 391,500 |
| Contribution and Subscription | 1,888,986 | 1,372,197 |
| Fees, Registration & Renewal | 1,857,903 | 1,648,532 |
| Group Insurance Premium | 456,494 | 417,195 |
| Rent, Rates & Taxes | 164,900 | 15,310 |
| Depreciation | 3,332,894 | 3,678,253 |
| **Profit/Loss for the year transferred to Profit & Loss Appropriation Account** | 111,979,962 | 107,206,221 |
| **Total Taka :** | **121,283,512** | **116,124,136** |

## PROFIT AND LOSS APPROPRIATION ACCOUNT FOR

| | Taka 2017 | Taka 2016 |
|---|---|---|
| Reserve for Exceptional Losses | 24,320,133 | 24,186,098 |
| Provision for Taxation | 28,940,906 | 29,457,200 |
| Provision for Gruatuity Fund | 1,500,000 | 500,000 |
| Dividend Paid- for 2016 and 2015 | 53,809,029 | 44,840,856 |
| Balance transferred to Balance Sheet | 57,613,002 | 54,203,108 |
| **Total Taka :** | **166,183,070** | **153,187,262** |
| **Earnings Per Share (EPS) (Note # 22.00)** | **1.73** | **1.72** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | Taka 2017 | Taka 2016 |
|---|---|---|
| **INTEREST, DIVIDEND AND RENTS** | | |
| (Not Applicable to any particular Fund or Account) | | |
| Interest Received and Accrued | 32,776,573 | 39,563,585 |
| House Rent Income | 24,470,791 | 23,258,300 |
| Dividend Income | 3,896,665 | 2,925,125 |
| Capital Gain/(Loss) on Sale of Share | 7,031,432 | (1,037,277) |
| Revenue Gain on Sale of Car | 694,381 | - |
| PROFIT OR (LOSS) TRANSFERRED FROM | 52,413,670 | 51,414,403 |
| Fire Revenue Account | 7,145,228 | 6,665,478 |
| Marine Revenue Account | 31,789,519 | 33,823,499 |
| Motor Revenue Account | 9,387,014 | 6,756,736 |
| Miscellaneous Revenue Account | 4,091,909 | 4,168,690 |
| **Total Taka :** | **121,283,512** | **116,124,136** |

THE YEAR ENDED DECEMBER 31, 2017

| | Taka 2017 | Taka 2016 |
|---|---|---|
| Balance brought forward from last year | 54,203,108 | 1,140,185 |
| Add: Dividend for 2015 not provided in 2016 P/L Appropriation A/c | - | 44,840,856 |
| Net Profit for the year (Transferred from Profit and Loss Account) | 111,979,962 | 107,206,221 |
| **Total Taka :** | **166,183,070** | **153,187,262** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## CONSOLIDATED BUSINESS REVENUE ACCOUNT FOR

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| **CLAIMS UNDER POLICIES LESS RE-INSURANCE** | 31,952,291 | 29,504,135 |
| Paid during the year | 19,702,450 | 29,691,340 |
| Total estimated liability in respect of outstanding claim at the end of the year whether due or intimated | 32,580,794 | 20,330,953 |
| | 52,283,244 | 50,022,293 |
| Less: Outstanding at the beginning of the year | 20,330,953 | 20,518,158 |
| Agency Commission | 45,045,282 | 44,985,614 |
| Expenses of Management | 133,325,529 | 129,237,239 |
| **BALANCE OF ACCOUNT AT THE END OF THE YEAR** as shown in the Balance Sheet : | | |
| Reserve for unexpired risks being 100% for Marine Hull & 40% for other insurance on net premium income | 97,682,447 | 97,211,979 |
| **Profit/(Loss) Transferred To Profit & Loss Account** | 52,413,670 | 51,414,403 |
| **Total Taka :** | **360,419,219** | **352,353,370** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

AMAR STOCK

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| Balance of Account at the beginning of the year | 97,211,979 | 88,930,256 |
| Premium Less Re- Insurance (Notes-20.00) | 243,201,331 | 241,860,975 |
| Commission on Re- Insurance ceded | 20,005,909 | 21,562,139 |
| **Total Taka :** | **360,419,219** | **352,353,370** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## FIRE INSURANCE REVENUE ACCOUNT FOR

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| **CLAIMS UNDER POLICIES LESS RE- INSURANCE** | 21,745,614 | 22,346,275 |
| Paid during the year | 7,586,151 | 25,089,132 |
| Total estimated liability in respect of outstanding claims- at the end of the year whether due or intimated | 18,457,009 | 4,297,546 |
| | 26,043,160 | 29,386,678 |
| Less: Outstanding at the end of the previous year | 4,297,546 | 7,040,403 |
| Agency Commission | 21,461,488 | 21,407,237 |
| Expenses of Management | 62,204,118 | 60,163,277 |
| **BALANCE OF ACCOUNT AT THE END OF THE YEAR** | | |
| Reserve for unexpired risks @ 40 % of premium income of the year | 43,114,622 | 38,615,232 |
| **Profit /(Loss) transferred to Profit & Loss Account** | 7,145,228 | 6,665,478 |
| **Total Taka** | **155,671,070** | **149,197,499** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| Balance of Account at the beginning of the year | 38,615,232 | 41,062,743 |
| Premium Less Re- Insurance | 107,786,556 | 96,538,080 |
| Commission on Re- Insurances ceded | 9,269,282 | 11,596,676 |
| **Total Taka** | **155,671,070** | **149,197,499** |

Signed in terms of our separate report of even date

| | | |
|---|---|---|
| **(Mohammed Musa)** | **(Alhaj Md. Abu Taher Chowdhury)** | **G. Kibria & Co.** |
| Vice Chairman | Chairman | Chartered Accountants |

# Central Insurance Company Limited

## MARINE INSURANCE REVENUE ACCOUNT FOR

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| **CLAIMS UNDER POLICIES LESS RE- INSURANCE** | 3,318,741 | 2,779,839 |
| Paid during the year | 6,032,512 | 178,763 |
| Total estimated liability in respect of outstanding claim- | | |
| at the end of the year whether due or intimated | 10,793,619 | 13,507,390 |
| | 16,826,131 | 13,686,153 |
| Less: Outstanding at the end of the previous year | 13,507,390 | 10,906,314 |
| Agency Commission | 16,282,453 | 17,129,541 |
| Expenses of Management | 48,437,827 | 49,018,499 |
| **BALANCE OF ACCOUNT AT THE END OF THE YEAR** | | |
| Reserve for unexpired risks @ 40 % of Marine Cargo- | | |
| and @ 100 % of Marine Hull premium income of the year | 34,278,756 | 41,338,847 |
| **Porfit/(Loss) transferred to Profit & Loss Account** | 31,789,519 | 33,823,499 |
| **Total Taka** | **134,107,296** | **144,090,225** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| Balance of Account at the beginning of the year | 41,338,847 | 35,436,927 |
| Premium Less Re- Insurance | 84,692,104 | 102,178,144 |
| Commission on Re- Insurance ceded | 8,076,345 | 6,475,154 |
| **Total Taka** | **134,107,296** | **144,090,225** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## MOTOR INSURANCE REVENUE ACCOUNT FOR

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| **CLAIMS UNDER POLICIES LESS RE- INSURANCE** | 5,565,529 | 4,356,947 |
| Paid during the year | 4,761,380 | 4,402,371 |
| Total estimated liability in respect of outstanding claim- at the end of the year whether due or intimated | 3,245,449 | 2,441,300 |
| | 8,006,829 | 6,843,671 |
| Less: Outstanding at the beginning of the year | 2,441,300 | 2,486,724 |
| Agency Commission | 5,649,416 | 5,075,277 |
| Expenses of Management | 16,467,386 | 14,384,601 |
| **BALANCE OF ACCOUNT AT THE END OF THE YEAR** | | |
| Reserve for unexpired risks @ 40 % of premium income of the year | 15,585,841 | 13,690,584 |
| Profit/(Loss) transferred to Profit & Loss Account | 9,387,014 | 6,756,736 |
| **Total Taka** | **52,655,186** | **44,264,145** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| Balance of Account at the beginning of the year | 13,690,584 | 10,037,685 |
| Premium Less Re- Insurance | 38,964,602 | 34,226,460 |
| Commission on Re- Insurance ceded | - | - |
| **Total Taka** | **52,655,186** | **44,264,145** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| **CLAIMS UNDER POLICIES LESS RE- INSURANCE** | 1,322,407 | 21,074 |
| Paid during the year | 1,322,407 | 21,074 |
| Total estimated liability in respect of outstanding claim- | | |
| at the end of the year whether due or intimated | 84,717 | 84,717 |
| | 1,407,124 | 105,791 |
| Less: Outstanding at the beginning of the year | 84,717 | 84,717 |
| Agency Commission | 1,651,925 | 1,373,559 |
| Expenses of Management | 6,216,198 | 5,670,862 |
| **BALANCE OF ACCOUNT AT THE END OF THE YEAR** | | |
| Reserve for unexpired risks @ 40 % of Net premium | 4,703,228 | 3,567,316 |
| Porfit/(Loss) transferred to Profit & Loss Account | 4,091,909 | 4,168,690 |
| **Total Taka:** | **17,985,667** | **14,801,501** |

The annexure notes form an integral part of these Financial Statements.

Date: 26.04.2018

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

# Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2017

| | TAKA 2017 | TAKA 2016 |
|---|---|---|
| Balance of Account at the beginning of the year | 3,567,316 | 2,392,901 |
| Premium Less Re- Insurance | 11,758,069 | 8,918,291 |
| Commission on Re- Insurance ceded | 2,660,282 | 3,490,309 |
| **Total Taka:** | **17,985,667** | **14,801,501** |

Signed in terms of our separate report of even date

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Central Insurance Company Limited

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2017

| Particulars | Share Capital | Share Premium | Reserve for Exceptional Loss | General Reserve & Investment Equalization Fund | Revaluation Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| Opening Balance as on 01-01-2017 | 448,408,570 | 56,167,900 | 214,623,492 | 43,600,000 | 206,599,638 | 54,203,108 | 1,023,602,708 |
| Dividend Paid (Stock) | 22,420,430 | | - | - | | (22,420,430) | - |
| Cash Dividend | | | - | - | | (31,388,599) | (31,388,599) |
| Net Profit (after taxation and provision) | - | | - | - | | 81,539,056 | 81,539,056 |
| Reserve for Exceptional Lossess | - | | 24,320,133 | - | | (24,320,133) | - |
| **Closing Balance as on 31-12-2017** | **470,829,000** | **56,167,900** | **238,943,625** | **43,600,000** | **206,599,638** | **57,613,002** | **1,073,753,165** |
| | | | | | | | |
| Opening Balance as on 01-01-2016 | 448,408,570 | 56,167,900 | 190,437,394 | 43,600,000 | 206,599,638 | 45,981,042 | 991,194,544 |
| Cash Dividend | | | - | - | | (44,840,857) | (44,840,857) |
| Net Profit (after taxation and provision) | - | | - | - | | 77,249,021 | 77,249,021 |
| Reserve for Exceptional Lossess | - | | 24,186,098 | - | | (24,186,098) | - |
| **Closing Balance as on 31-12-2016** | **448,408,570** | **56,167,900** | **214,623,492** | **43,600,000** | **206,599,638** | **54,203,108** | **1,023,602,708** |

The annexure notes form an integral part of these Financial Statements.

Signed in terms of our separate report of even date

| (Md. Zahid Anwar Khan) | (Md. Abdullah Zehad) | (Mohammed Musa) | (Alhaj Md. Abu Taher Chowdhury) | G. Kibria & Co. |
|---|---|---|---|---|
| Chief Executive Officer | Director | Vice Chairman | Chairman | Chartered Accountants |

STOCK

# Central Insurance Company Limited

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2017

| | | 2017<br>Taka | 2016<br>Taka |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Collection from premium and other income | 369,440,967 | 342,268,738 |
| | Income Tax paid | (25,475,063) | (26,820,650) |
| | Payment for Management Exp. Re-Insurance & Claim | (283,791,588) | (275,125,135) |
| | **Net cash flow from operating activities** | **60,174,316** | **40,322,953** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Fixed Assets (Addition) | (5,024,777) | (8,134,114) |
| | Sale of Fixed Assets | 940,000 | - |
| | Investment Enhancement | (33,617,950) | (5,765,530) |
| | **Net cash flow from investing activities** | **(37,702,727)** | **(13,899,644)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Overdraft | 16,504,191 | (24,958,229) |
| | Dividend Paid | (31,036,431) | (44,775,498) |
| | **Net cash flow from Financing activities** | **(14,532,240)** | **(69,733,727)** |
| **D.** | **Net inflows/(out flows) for the year (A+B+C)** | **7,939,349** | **(43,310,418)** |
| **E.** | **Opening Cash and Bank balance** | 546,475,806 | 589,786,224 |
| **F.** | **Closing Cash and Bank balances ( D + E)** | **554,415,155** | **546,475,806** |
| | **Net operating cash flow per share (NOCFPS)** | **1.28** | **0.90** |

The annexure notes form an integral part of these Financial Statements.

Signed in terms of our separate report of even date

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

**(Mohammed Musa)**
Director

(Alhaj Md. Abu Taher Chowdhury)
Chairman

**G. Kibria & Co.**
Chartered Accountants

# Form "AA"

## CLASSIFIED SUMMARY OF ASSETS AS ON DECEMBER 31, 2017

(IN TAKA)

| PARTICULARS | BOOK VALUE AS PER BALANCE SHEET | MARKET VALUE | REMARKS |
|---|---|---|---|
| | | | |
| Bangladesh Government Treasury Bond (BGTB) | 25,000,000 | 25,000,000 | Not quoted in market Realisable value |
| Investment in Share | 99,482,133 | 90,402,875 | do |
| Investment in CIC Investment Ltd. | 99,999,700 | 99,999,700 | do |
| In Fixed deposit with Bank | 526,450,010 | 526,450,010 | do |
| In STD A/C. with Banks | 26,059,534 | 26,059,534 | do |
| Cash in Hand | 1,708,010 | 1,708,010 | do |
| Accrued interest | 17,515,498 | 17,515,498 | do |
| At call on short notice | 197,601 | 197,601 | do |
| | | | |
| **OTHER ASSETS:** | | | |
| Amount due from other | | | |
| Persons or bodies carrying | | | |
| on insurance business | 169,545,046 | 169,545,046 | do |
| Sundry Debtors | 304,714,484 | 304,714,484 | do |
| Stock in Stationery | 461,729 | 461,729 | At cost |
| Security Deposit | 162,175 | 162,175 | do |
| Stamps in hand | 435,057 | 435,057 | do |
| Property, Plant & Equipments | 430,764,971 | 430,764,971 | Depreciated value (Except Land and Development Cost) |
| (at cost less depreciation) | | | |
| | | | |
| **Total** | **1,702,495,948** | **1,693,416,690** | |

Certificate u/s 7 (a) of part of the first schedule to the Insurance Act, 1938. Certified that the value of all assets have been reviewd, that the said costs have been set forth in the balance sheet at amounts not exceeding their realizable or market value.

Notes form the integral part of these financial statements.

**(Md. Zahid Anwar Khan)**
Chief Executive Officer

**(Md. Abdullah Zehad)**
Director

**(Mohammed Musa)**
Vice Chairman

**(Alhaj Md. Abu Taher Chowdhury)**
Chairman

**G. Kibria & Co.**
Chartered Accountants

## Central Insurance Company Limited

SCHEDULE OF PROPERTY PLANT & OFFICE EQUIPMENT AS ON DECEMBER 31, 2017

Schedule-A

| Sl # | Particulars | Cost | | | | Rate of Dep | Depreciation | | | | Written Down value as on 31/12/2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As on 1/1/2017 | Addition during the year | Adjusted during the year | Total As on 31/12/2017 | | As on 01/01/2017 | Charge during the year | Adjusted during the year | Total as on 31/12/2017 | |
| 1 | Furniture & Fixture | 9,164,821 | 310,807 | | 9,475,628 | 10% | 6,983,073 | 246,078 | | 7,229,151 | 2,246,477 |
| 2 | Office Decoration | 25,044,650 | 761,000 | | 25,805,650 | 10% | 19,395,025 | 591,358 | | 19,986,383 | 5,819,267 |
| 3 | Office Equipment | 9,438,167 | | | 9,438,167 | 15% | 8,558,973 | 131,879 | | 8,690,852 | 747,315 |
| 4 | Electrical Equipment | 3,461,609 | 189,415 | | 3,651,024 | 15% | 1,606,030 | 288,327 | | 1,894,357 | 1,756,667 |
| 5 | Motor Vehicle | 31,254,899 | 299,163 | (1,620,000) | 29,934,062 | 20% | 24,976,666 | 1,280,114 | (1,374,381) | 24,882,399 | 5,051,663 |
| 6 | Telephone Installation | 2,732,972 | 31,000 | | 2,763,972 | 20% | 2,578,797 | 35,179 | | 2,613,976 | 149,996 |
| 7 | Air Cooler | 4,153,963 | 866,463 | | 5,020,426 | 15% | 3,485,707 | 143,250 | | 3,628,957 | 1,391,469 |
| 8 | Computer & Software | 4,441,546 | 440,563 | | 4,882,109 | 25% | 2,324,393 | 599,883 | | 2,924,276 | 1,957,833 |
| 9 | Sundry Assets | 785,861 | 26,300 | | 812,161 | 25% | 736,393 | 16,826 | | 753,219 | 58,942 |
| | **Sub total** | **90,478,488** | **2,924,711** | **(1,620,000)** | **91,783,199** | | **70,645,057** | **3,332,894** | **(1,374,381)** | **72,603,570** | **19,179,629** |
| 10 | **Land & Land Development :** | | | | | | | | | | |
| a. | 7-8 Motijheel | 268,172,500 | - | | 268,172,500 | | | | | | 268,172,500 |
| b. | Kawranbazar | 43,200,000 | - | | 43,200,000 | | | | | | 43,200,000 |
| c. | Building Under Constraction (K.B) | 98,112,776 | 2,100,066 | | 100,212,842 | | | | | | 100,212,842 |
| | **Sub total** | **409,485,276** | **2,100,066** | **-** | **411,585,342** | | **-** | **-** | **-** | **-** | **411,585,342** |
| | **Grand Total :** | **499,963,764** | **5,024,777** | **(1,620,000)** | **503,368,541** | | **70,645,057** | **3,332,894** | **(1,374,381)** | **72,603,570** | **430,764,971** |

# Central Insurance Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 1.00 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICES:

### A. NOTES GENERAL

### A.01 Legal Form of the Company

The Central Insurance Co. Ltd. was incorporated as a Public Limited Company on November 12, 1987 under the Companies Act, 1913 and obtained registration from the Chief Controller of Insurance, Government of Bangladesh on 30th November,1987 concurrently. The Company has been registered with the Insurance Development & Regulatory Authority (IDRA) under the Insurance Act, 2010 and provides non-life insurance services as per the Insurance Act, 2010 and the directives issued by the IDRA from time to time. The Company is listed with Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd as a publicly traded company from the year 1995.

**Address of Registered office and place of business of the company**

The registered office of the Company is located at Central Insurance Bhaban (3rd & 4th Floor), 7-8, Motijheel C/A, Dhaka-1000, Bangladesh. The business operations of the Company are being carried out through its 29 branches located in all over Bangladesh.

The Company has form another subsidiary company viz; Central Insurance Investment Ltd. with a view to carry out business activity of Merchant Bank, but the permission for operating business as Merchant Bank not yet obtained.

**Principle activities of the company**

The principle activity of the Company is to carry on all kinds of non-life insurance business. There were no significant changes in the nature of the principal activities of the Company during the year 2017 under review.

**Date of financial statements authorised for issue**

Financial statements of the company for the year ended December 31, 2017 were authorised for issue on April 26, 2018 in accordance with a resolution of the Board of Directors of the company.

### A.02 Summary of significant accounting policies and other related policy information

### A.02.01 Basis of accounting preparation

The financial statements of the Company under reporting have been prepared under historical cost convention on a going concern concept and accrual basis in accordance with Generally Accepted Accounting Principles and Practice in Bangladesh. Disclosure of financial information as required by Insurance Act 2010 have been complied with while preparing statement of financial position, statement of profit or loss and other comprehensive income and revenue accounts for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act and also in compliance with the Companies Act,1994.

### A.02.02 Management Responsibility

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and existing accounting standards and applicable laws.

### A.02.03 Directors Responsibility statements

The Board of Directors are also responsible for the preparation and presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd . According to the International Accounting Standard (IAS)-1 "Presentation of Financial Statements" the complete set of Financial Statements include the following components:

i) Statement of Financial Position (Balance Sheet)

ii) Statement of Profit or Loss and Other Comprehensive Income (Profit or Loss Account)

iii) Statement of Profit or Loss Appropriation Account

iv) Statement of Cash Flows

v) Statement of Changes in Equity

vi) Notes to the Financial Statements and Significant Accounting Policies

### A.03 Basis of presentation

The balance sheet has been prepared in accordance with regulations as contained in Part -I of the First Schedule and as per Form "A" as set forth in Part-II of that schedule. Revenue Account of each class of non-life insurance business has been prepared in accordance with the regulations as contained in Part -I of the Third Schedule as per Form 'F' as set forth in Part-II of that schedule of the Insurance Act,1938, in absence of such Forms in the Insurance Act of 2010. The classified summary of the assets has also been prepared in accordance with form "AA" as set forth in Part-II of the aforesaid Act.

#### i) Method of preparation

The financial statements have been prepared on mercantile method.

#### ii) Compliance statements and general rules & regulations

The financial statements have been prepared and disclosures of information have been made in accordance with the requirements of Insurance Act, 2010, Insurance rules, 1958, the Companies Act,1994, the Securities and Exchange Rules,1987, the Listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd. and Guidelines, rules and regulations issued from time to time by the Insurance Development and Regulatory Authority (IDRA).

To comply with the International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other applicable laws and regulations.

#### iii) Last year's figures rearranged and adjusted

Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

#### iv) Functional and presentational currency

These financial statements are prepared in Bangladesh Taka which is company's functional currency. All information presented in Taka has been rounded off to the nearest Taka (BDT).

**v) Reporting period**

Financial statements of the company consistently cover one year from 1 January 2017 to 31 December 2017.

**vi) Going Concern Basis**

The Company has adequate resources to continue in the operation for the foreseeable future. For this reason, the Directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources for providing sufficient funds to meet the present requirements of its existing business and operations.

**vii) Branch accounting**

The company has 29 branches under its umbrella without having any overseas branch up to the year ended December 31, 2017. The accounts of the branches are maintained at the Head Office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses.

**viii) Interim financial reporting**

In accordance with Bangladesh Accounting Standard (BAS-34), interim financial reporting, publicly traded entities are encourage to provide interim financial reports that confirm to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors and others to understand an entitys capacity to generate earnings and cash flows and its financial condition and liquidity. The company applies the same accounting policies in its interim financial statement as are applied in its annual financial statements.

**ix) Segment reporting**

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns and are different from those of other business segments. The company accounts for segment reporting of operating result of each segment. The company has four primary business segment for reporting purposes namely Fire, Marine, Motor and Miscellaneous.

**x) Comparative information**

Comparative information have been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current year's financial statements. Previous year figure have been restated and rearranged wherever necessary, to confirm to current years presentation as per BAS-8 "Accounting Policies, Changes in Accounting Estimate and Errors".

## B. SIGNIFICANT ACCOUNTING POLICIES

### B.01 INVESTMENT:

i. Investment are stated at cost of acquisition.
ii. Income on Investment, Other than shares are accounted for on accrual basis.
iii. Dividend income on Investment in shares are accounted for in the year of receipt of such dividend.
iv. Gain on sale of shares are accounted for on actual realization basis.

**B.02 Property, Plant & Equipments :**

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant & Equipments". The cost of acquisition of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

Property, Plant and Equipment are depreciated following the reducing balance method on the basis of economic life expectancy of the assets in accordance with BAS-16. Depreciation on addition of fixed assets has been charged when it is available for use.

Land and land development stated at revalued price during the year [Note 16.00] and no depreciation has been charged on the value of land and land development. The property, plant & equipments are depreciated at the following rates :

| Items | Rate % | Items | Rate % |
|---|---|---|---|
| a) Furniture and fixtures | 10% | f) Telephone Installation | 20% |
| b) Office Equipment | 15% | g) Sundry Assets | 25% |
| c) Office decoration | 10% | h) Electrical Equipments | 15% |
| d) Air Cooler | 15% | i)Computer & Software | 25% |
| e) Motor Vehicles | 20% | | |

**De-recognition**

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is de-recognised.

**Impairment of assets**

All assets of the company shown in financial statement that are with in the scope of BAS-36, are in physical existence and valued on more than their recoverable amount following international accounting standards adopted by ICAB, disclosures with regards to "Impairment of Assets" as per BAS-36 have not been considered necessary.

**Operating Lease :**

The Company purchased 3 (three) motor vehicles by taking loans from the leasing companies. Details of operating lease of vehicles are shown below :

| Particulars | Car No. 35-9239 | Car No. 22-0815 | Car No. 35-9410 |
|---|---|---|---|
| Total Lease Amount | 1,525,000 | 1,800,000 | 2,205,000 |
| Down Payment | 500,000 | - | - |
| Monthly Installments | 28,472 | 59,786 | 74,030 |
| Total number of installments | 36 | 36 | 36 |
| Total number of installments paid | 36 | 36 | 28 |
| No. of installments over due | 0 | 0 | 8 |

**B.03 PROVISION FOR INCOME TAXES**

The Company has made the income tax provision on the basis of BAS-12 "Income Taxes", Income Tax Ordinance,1984 as amended from time to time and Finance Act 2017.

**B.04 CLASSIFIED SUMMARY OF ASSETS:**

The value of all assets as shown in the balance sheet and in the annexed classified summary of assets drawn up in accordance with Form "AA" of part II of the First Schedule of the Insurance Act 1938, have been reviewed and the balances are in agreement with the balance sheet amount and Form "AA" amount.

**B.05 EMPLOYEE'S BENEFIT PLAN:**

Company has introduced gratuity benefit for its permanent employees as per board decision those who has been working since 1st April, 2006 are entitled to get this benefit and company contributes @ 10% of basic salary of the employee to contributory provident fund which is wholly administrated by a Board of Trustees. The gratuity fund was not recognised by the NBR.

**B.06 EARNING PER SHARE (EPS):**

The company calculates Earning Per Share (EPS) in accordance with the International Accounting Standards - IAS-33

"Earning Per share" as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

**B.07 GENERAL RESERVE FUND**

The company has been maintaining a general reserve fund from the current year profit to meet future contingencies.

**B.08 RESERVE FOR EXCEPTIONAL LOSSES:**

As per Para 6 of 4th Schedule of Income Tax Ordinance,1984 to meet the exceptional losses, the company sets aside maximum 10% of the net premium income of the year in which it is set aside from the balance of the profit to Reserve for exceptional losses. As per Insurance Act 1938 as amended 2010, maximum 10% statutory reserve be maintained out of profit by the company to meet any possible future claims on net premium income during the year. In the year under revview, the Company sets aside 10% of net premium.

**B.09 REVENUE RECOGNITION (BAS-18)**

Revenue is recognised in accordance with Bangladesh Accounting Standard (BAS)-18. Revenue,unless otherwise mentioned or otherwise guided by the separate BAS/ BFRS or by directives of the regulatory authority.

**B.10 UNDERWRITING PREMIUM INCOME**

Premium income is recognised on when insurance policies are issued and premium collected. The sum of premium income as appeared in classified Revenue Accounts is net of the refund made, Re-insurance ceded and premium on PSB.

## B.11 PUBLIC SECTOR BUSINESS (PSB)

As per government decision effective from April 1990, 100% public sector insurance business is being underwritten by Sadharan Bima Corporation (SBC), 50% premium being retained by SBC and the remaining balance is equally distributed among 45 private sector insurance companies. The premium in respect of company's share of Public Sector insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Sadharan Bima corporation is received. The statements of account for the period from January 2016 to December 2016 have been received from SBC and the company's share of PSB for the aforesaid has been recognised in this financial statements accordingly. Such method of account for the Public Sector insurance Business (PSB) has been consistently followed.

## B.12 RE-INSURANCE CEDED AND ACCEPTED WITH SADHARAN BIMA CORPORATION

Necessary adjustment in respect of re-insurance ceded and accepted in Bangladesh has duly been made in respective revenue account as per treaty between the company and Sadharan Bima Corporation (SBC).

## B.13 COVER NOTES CONVERTED INTO POLICY (CCP)

Amounts received against issue of cover note that have not been converted into policy are not recognise as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine months from the date of issue of such cover notes as per circular of the then chief controller of insurance.

## B.14 INVESTMENT INCOME

a) Interest on FDR's and Bangladesh Government Treasury Bond (BGTB) are recognised on accrual basis interest on STD/SND/PLS account and other income are recognised as and when amount credited to our account.

b) Cash dividend income and stock dividend from investment:

Dividend income on investment in shares are recognised when the company is entitled to dividend from the investee and shown in the statement of profit or loss and other comprehensive income. For stock dividend, the number of related shares of investee increases effecting decrease in average cost of investment .

## B.15 CASH & CASH EQUIVALENTS :

Cash comprises cash in hand and demand deposit and cash equivalents are short term, high liquid investments that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value, BAS-1 "Presentation of Financial Statements" also provides that cash equivalents are those which have no restriction in use considering the provision of BAS-7 and BAS-1, cash in hand and bank balance have been considered as cash and cash equivalents.

## B.16 DEFERRED TAXES :

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax assets are generally recognised for all deductable temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilised. Deferred tax liabilities are generally recognized for all taxable temporary differences. Accordingly tax liability is created and provided in the profit & loss appropriation account. Deferred tax calculation are shown in note no. 8.01.

## B.17 CASH FLOW STATEMENT:

Cash flow statement is prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flow from operating activities has been presented under direct method as prescribed by the Securities and Exchanges Rules - 1987. Cash flow statement is broken down into operating activities, investing activities and financing activities.

## 2.00 SHARE CAPITAL :

Authorized shares capital Tk. 1,000,000,000

100,000,000 Ordinary Shares of Tk. 10 each.

Issued, Subscribed & Paid-up Capital : Tk.470,829,000

47,082,900 ordinary shares of Tk.10 each

The Category wise shareholding position as on 31 December, 2017 are noted below :

| Category of Shareholders | No. of Shares | % of Holdings | Amount Tk. |
|---|---|---|---|
| 1. Sponsors & Directors (Group -A) | 20,325,982 | 43.17 | 203,259,820 |
| 2. ICB & Institutions (Group -B) | 10,069,422 | 21.39 | 100,694,220 |
| 3. General Public (Group-B) | 16,687,496 | 35.44 | 166,874,960 |
| **Total** | **47,082,900** | **100.00** | **470,829,000** |

**Classification of Shareholders according to holding of shares :**

i) Group -A

| Class Interval | No. of Shares | No. of Shareholders | Total Holding% | % of Total Paid Up-Capital |
|---|---|---|---|---|
| Less than 5000 Shares | 2,689 | 1 | 0.01 | 0.01 |
| 5001-10,000 | - | - | 0 | 0 |
| 10,001-50,000 | 19,150 | 1 | 0.09 | 0.04 |
| 50,001-100,000 | - | - | 0.00 | 0 |
| 100,001-200,000 | 398,007 | 3 | 1.96 | 0.84 |
| 200,001-500,000 | 1,540,544 | 5 | 7.58 | 3.27 |
| 500,001-1,000,000 | 11,844,735 | 13 | 58.28 | 25.16 |
| 1,000,001-2,000,000 | 6,520,857 | 5 | 32.08 | 13.85 |
| **Total of (A)** | **20,325,982** | **28** | **100.00** | **43.17** |

ii) Group -B

| Class Interval | No. of Shares | No. of Shareholders | Total Holding% | % of Total Paid Up-Capital |
|---|---|---|---|---|
| Less than 5000 Shares | 8,332,955 | 2,816 | 31.13 | 17.70 |
| 5001-10,000 | 324,100 | 50 | 1.21 | 0.69 |
| 10,001-50,000 | 1,681,626 | 80 | 6.29 | 3.57 |
| 50,001-100,000 | 671,268 | 10 | 2.51 | 1.43 |
| 100,001-200,000 | 1,740,587 | 13 | 6.51 | 3.70 |
| 200,001-500,000 | 3,494,377 | 11 | 13.06 | 7.42 |
| 500,001-1,000,000 | 2,821,309 | 4 | 10.55 | 5.99 |
| 1,000,001-2,000,000 | 2,517,793 | 2 | 9.41 | 5.35 |
| 2,000,001-3,000,000 | - | - | 0.00 | 0.00 |
| 3,000,001-10,000,000 | 5,172,903 | 1 | 19.33 | 10.99 |
| **Total of (B)** | **26,756,918** | **2,987** | **100.00** | **56.83** |
| | | | | |
| **Grand Total (A +B)** | **47,082,900** | **3,015** | | **100.00** |

This shares are listed with both DSE and CSE.

| | | 2017 | | 2016 |
|---|---|---|---|---|
| **3.00** | **RESERVE OR CONTINGENCY ACCOUNT: Tk.** | **546,756,265** | **Tk.** | **519,026,238** |

This has been made up as under:

| | | |
|---|---|---|
| **A. Reserve or contingency account :** | | |
| Balance as on January 01, 2017 | 464,823,130 | 440,637,032 |
| Add: Reserve for Exceptional Loss for the year | 24,320,133 | 24,186,098 |
| **Sub Total** | **489,143,263** | **464,823,130** |
| **B. Profit & Loss Appropriation Account :** | | |
| Undistributed Profit up to financial statement Date | 57,613,002 | 54,203,108 |
| **Grand Total** | **546,756,265** | **519,026,238** |

| | | | | |
|---|---|---|---|---|
| **4.00** | **BALANCE OF FUND & ACCOUNT:** | **Tk.** | **97,682,447** | **Tk.** **97,211,979** |

This has been made up as under:

| | | |
|---|---|---|
| Fire Revenue Account | 43,114,622 | 38,615,232 |
| Marine Revenue Account | 34,278,756 | 41,338,847 |
| Motor Revenue Account | 15,585,841 | 13,690,584 |
| Miscellaneous Revenue Account | 4,703,228 | 3,567,316 |
| **Total Taka** | **97,682,447** | **97,211,979** |

**5.00 DEPOSIT PREMIUM : Tk. 22,284,023 Tk. 21,320,400**

The above balance represents the premium, stamp duty and VAT received against cover-notes for which policies have not yet been issued.

**6.00 ESTIMATED LIABILITY IN RESPECT OF OUTSTANDING CLAIMS AT THE END OF THE PERIOD WHETHER DUE OR INTIMATED : Tk. 32,580,794 Tk. 20,330,953**

The break up of the above is as under:

| | | | |
|---|---|---|---|
| Fire Insurance | 18,457,009 | | 4,297,546 |
| Marine Insurance | 10,793,619 | | 13,507,390 |
| Motor Insurance | 3,245,449 | | 2,441,300 |
| Miscellaneous Insurance | 84,717 | | 84,717 |
| **Total Taka** | **32,580,794** | | **20,330,953** |

**7.00 AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS : Tk. 44,642,347 Tk. 62,053,351**

The break up of the above is as follows:

| | | |
|---|---|---|
| Sadharan Bima Corporation | 43,090,270 | 60,501,274 |
| Other Insurance Companies of Bangladesh | 1,552,077 | 1,552,077 |
| **Total Taka :** | **44,642,347** | **62,053,351** |

**8.00 SUNDRY CREDITORS : Tk. 385,160,196 Tk. 354,222,531**

This has been made up as under

| | | |
|---|---|---|
| Provision for Income Tax | 250,461,510 | 221,520,604 |
| Bills Payable | 948,841 | 948,841 |
| Security Deposit (Open Cover) | 250,000 | 250,000 |
| Advance Rent Receive | 17,941,763 | 16,003,788 |
| Provision for Audit Fee | 130,000 | 130,000 |
| Income Tax Deduction at source | 924,938 | 567,828 |
| VAT deducted at source | 133,510 | 144,939 |
| Dividend Payable | 3,242,111 | 2,889,942 |
| Deferred Income Tax (Note no.8.01) | 1,686,559 | 1,686,559 |
| Provision for Bonus | 6,570,000 | 3,825,919 |
| Excess Deposit Premium | 38,195 | 87,353 |
| Premium Payable on Co-Ins. Share | 207,470 | 282,156 |
| Death Claim Group Insurance Premium | 73,125 | 1,956,500 |
| Loan from Central Insurance Investment Ltd. | 99,245,000 | 99,245,000 |
| Loan from IDLC Finance Ltd. | - | 1,663,214 |
| Security Deposit (Contractor) | 990,000 | 940,000 |
| Provision for Provident Fund | 441,832 | 552,884 |
| Provision for Deduction Ag. PF Loan | 155,567 | 247,554 |
| Provision for Gruatuity (Note no.8.02) | 1,719,775 | 1,279,450 |
| **Total Taka** | **385,160,196** | **354,222,531** |

| 8.01 DEFERRED TAX : | 1,686,559 | Tk. | 1,686,559 |
|---|---|---|---|
| Written down value of Fixed Assets as per financial statement | - | | - |
| Written down value of Fixed Assets as per tax basis | - | | - |
| Taxable temporary difference | - | | - |
| Current year Deferred tax liabilities | - | | - |
| Add. Opening Deferred tax liabilities | 1,686,559 | | 1,686,559 |
| **Total Taka** | **1,686,559** | | **1,686,559** |

Deferred tax is not calculated in the current year.

| 8.02 PROVISION FOR GRUATUITY : | Tk. 1,719,775 | Tk. | 1,279,450 |
|---|---|---|---|
| Opening Balance | 1,279,450 | | 868,250 |
| Less : Paid during the year | 1,059,675 | | 88,800 |
| | **219,775** | | **779,450** |
| Add : Provision made during the | 1,500,000 | | 500,000 |
| **Closing Balance** | **1,719,775** | | **1,279,450** |

| 9.00 BANK OVERDRAFT : | Tk. 46,392,976 | Tk. | 29,888,785 |
|---|---|---|---|

The above mentioned overdrawn facility was allowed by the bank as mentioned below against lien of Fixed Deposit of the Company.

| | | |
|---|---|---|
| Social Islami Bank Ltd., Principal Br., A/c # 38485 | - | 12,731,914 |
| Social Islami Bank Ltd., Principal Br., A/c # 38531 | - | 5,752,073 |
| Social Islami Bank Ltd., Principal Br., A/c # 39058 | - | 6,055,594 |
| Social Islami Bank Ltd., Principal Br., A/c # 39069 | - | 1,816,130 |
| Social Islami Bank Ltd., Principal Br., A/c # 39082 | - | 505,074 |
| Social Islami Bank Ltd., Principal Br., A/c # 39159 | - | 1,507,213 |
| Social Islami Bank Ltd., Principal Br., A/c # 39205 | - | 1,520,787 |
| Social Islami Bank Ltd., Principal Br., A/c # 39813 | 1,520,961 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39857 | 1,260,765 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39868 | 3,160,372 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39881 | 5,261,041 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39903 | 3,260,165 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39958 | 2,093,737 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39971 | 9,402,244 | |
| Social Islami Bank Ltd., Principal Br., A/c # 39993 | 733,217 | |
| Social Islami Bank Ltd., Principal Br., A/c # 40026 | 7,304,216 | |
| Social Islami Bank Ltd., Principal Br., A/c # 40116 | 5,200,186 | |
| Social Islami Bank Ltd., Principal Br., A/c # 40443 | 3,092,247 | |
| Social Islami Bank Ltd., Principal Br., A/c # 40779 | 4,103,825 | |
| **Total Taka:** | **46,392,976** | **29,888,785** |

**10.00 INVESTMENT: Tk. 224,481,833 Tk. 190,863,883**

This is made up as follows.

| | | |
|---|---|---|
| Bangladesh Government Treasury Bond (BGTB) | 25,000,000 | 25,000,000 |
| Investment in Share | 99,482,133 | 65,864,183 |
| Investment in CIC Investment Ltd. | 99,999,700 | 99,999,700 |
| **Total Taka:** | **224,481,833** | **190,863,883** |

Value of share has been shown at cost price which was inflated by Tk. 9,079,257 as per market price as on 31.12.2017 and are shown in annexure-1. Moreover unquoted shares also shown at cost price. Considering the instability in stock market the company has made a cumulative provision amounting taka 14,600,000 for unrealized loss on the investment in share and no provision was considered in this year considering that the total provision covers the total expected losses.

**11.00 INTEREST, DIVIDEND & RENT OUTSTANDING: Tk. 17,515,498 Tk. 17,352,262**

The amount represents interest receivable on Bangladesh Government Treasury Bond (BGTB) and Fixed Deposit Receipts (FDR) as on the date of financial statement.

| | | |
|---|---|---|
| Fixed Deposit Receipt (FDR) | 16,481,902 | 16,318,666 |
| Bangladesh Government Treasury Bond (BGTB) | 1,033,596 | 1,033,596 |
| **Total Taka:** | **17,515,498** | **17,352,262** |

**12.00 AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS: Tk. 169,545,046 Tk. 161,999,275**

The break up of the above is as follows:

| | | |
|---|---|---|
| Sadharan Bima Corporation | 166,031,322 | 158,485,551 |
| Other Insurance Companies of Bangladesh | 3,513,724 | 3,513,724 |
| **Total Taka:** | **169,545,046** | **161,999,275** |

**13.00 SUNDRY DEBTORS : Tk. 304,714,484 Tk. 261,242,469**

The break up of the above is as follows:

| | | |
|---|---|---|
| Advance Against Salary | 864,514 | 791,142 |
| Advance Against Floor Purchases | 28,572,625 | 11,047,410 |
| Advance Against Office Rent | 771,198 | 989,469 |
| Advance Income Tax | 229,465,845 | 205,214,324 |
| Advance Against Printing | 315,000 | 300,000 |
| Advance Against Car on HP | 3,130,250 | 3,624,584 |
| Advance Against Motor Cycle on HP | 385,308 | 527,138 |
| Advance Income Tax Against House Rent | 6,554,229 | 5,330,688 |
| Advance Against CIC Investment | 2,720,316 | 2,705,389 |
| Bills Receivable | 2,017,232 | 1,319,699 |
| Bank Guarantee | 8,727,386 | 20,406,927 |
| Agent Balance | 21,190,581 | 8,985,699 |
| **Total Taka:** | **304,714,484** | **261,242,469** |

The above debts are considered good for realization / adjustment.

**14.00 CASH AND BANK BALANCES: 554,415,155 Tk. 546,475,806**

The break up of the above is as follows :

| | | |
|---|---|---|
| A) At Bank | | |
| Short Term Deposit | 26,059,534 | 24,014,523 |
| Current Deposit | 197,601 | 134,450 |
| Fixed Deposit | 526,450,010 | 520,600,010 |
| | **552,707,145** | **544,748,983** |
| B) Cash and Cash Equivalents | 1,708,010 | 1,726,823 |
| **Total Taka:** | **554,415,155** | **546,475,806** |

**15.00 PROPERTY, BUILDING & LAND DEVELOPMENT : TK. 411,585,342 Tk. 409,485,276**

The above value represents the revalued price of Land and Land Development at the financial statement date. They has employed an independent valued viz. A. Wahab & Co., Chartered Accounted during the year 2009 and the value arrived as under:

| | | |
|---|---|---|
| Land at Kawran Bazar Area | 43,200,000 | 43,200,000 |
| Land and building at 7-8 Motijheel | 268,172,500 | 268,172,500 |
| Building Under Construction (Kawran Bazar) | 100,212,842 | 98,112,776 |
| **Total Taka:** | **411,585,342** | **409,485,276** |

**16.00 PLANT, OFFICE EQUIPMENTS & OTHER FIXED ASSETS : TK. 19,179,629 Tk. 19,833,431**

The above balance represents written down value of the Plant, Office Equipments & Other Fixed Assets as financial statement date, Details of the fixed assets are shown in Schedule A.

**17.00 STOCK OF STATIONERY : Tk. 461,729 Tk. 414,714**

The stock of stationery was valued at cost price or net realizable value whichever is lower.

**18.00 SECURITY DEPOSIT : Tk. 162,175 Tk. 162,175**

This represents the security money deposited against Bangladesh Telephone & Telegraph Board (BTTB), Bangladesh Power Development Board (BPDB) and Dhaka Electric Supply Authority (DESA).

**19.00 INSURANCE STAMP IN HAND : Tk. 435,057 Tk. 801,416**

This represents unused insurance stamp in hand at the end of the period and was valued at cost price.

**20.00 PREMIUM LESS RE-INSURANCE : Tk. 243,201,331 Tk. 241,860,975**

This represents net premium from Direct Business and Government Business.

| | | | | 2017 | 2016 |
|---|---|---|---|---|---|
| **Class of Business** | **Gross Premium** | **Re-Insurance Accepted** | **Re-Insurance Ceded** | **Net Premium** | **Net Premium** |
| Fire | 147,943,199 | - | 40,156,643 | 107,786,556 | 96,538,081 |
| Marine | 128,674,114 | - | 43,982,010 | 84,692,104 | 102,178,143 |
| Motor | 40,123,315 | - | 1,158,713 | 38,964,602 | 34,226,460 |
| Misc. | 30,221,202 | - | 18,463,133 | 11,758,069 | 8,918,291 |
| **Total Tk.** | **346,961,830** | **-** | **103,760,499** | **243,201,331** | **241,860,975** |

**21.00 Compliance of Insurance Act 2010 under section 148 and 63 (SRO 103-Act 2016) :**

**A.** Insurance Act 2010 under section 148 and 63 (SRO 103-Act 2016) the limitation of Expenses Management General Insurance business the comparative figure of Management Expenses is given below:

| Class | Level of Premium | Rate | Allowable Expenses | Actual Expenses | Variance | Remarks |
|---|---|---|---|---|---|---|
| **Income from Fire Business** | | | | | | |
| First | 50,000,000 | 35% | 17,500,000 | | | |
| Next | 50,000,000 | 33% | 16,500,000 | | | |
| Balance | 47,943,199 | 32% | 15,341,824 | | | |
| **Sub-Total** | **147,943,199** | | **49,341,824** | | | |
| | | | | | | |
| **Income from Motor and Misc. Business** | | | | | | |
| First | 50,000,000 | 35% | 17,500,000 | | | |
| Balance | 20,344,517 | 33% | 6,713,691 | | | |
| **Sub-Total** | **70,344,517** | | **24,213,691** | | | |
| **Income from Marine Business** | | | | | | |
| First | 50,000,000 | 26% | 13,000,000 | | | |
| Next | 50,000,000 | 25% | 12,500,000 | | | |
| Balance | 28,674,114 | 24% | 6,881,787 | | | |
| **Sub-Total** | **128,674,114** | | **32,381,787** | | | |
| **Total:** | **346,961,830** | | **105,937,302** | **139,296,185** | **(33,358,883)** | **Adverse** |

**B.** No provision for income tax has been made for excess management expenses as per 4th Schedule of Income Tax Ordinance, 1984 because the company has applied to IDRA for condonation of contravention under Section 40C of the Insurance Act, 1938 amended Act 2010.

**NOTES ON OTHERS**

**22.00 EARNING PER SHARES-BASIS:**

The Computation of EPS is given below:

| | | |
|---|---|---|
| a) Earnings attributable to ordinary share holders (Net profit after taxation and provision) | 81,539,056 | 77,249,021 |
| b) Ordinary shares at 1st January | 47,082,900 | 44,840,857 |
| **c) Earnings per share (EPS) (a/b)** | **1.73** | **1.72** |

**23.00 NET ASSETS VALUE (NAV) :**

The Computation of NAV is given below:

| | | |
|---|---|---|
| a) Total Assets | 1,702,495,948 | 1,608,630,707 |
| b) Current Liabilities | 628,742,783 | 585,027,999 |
| **c) Net Assets Value ( c = a -b )** | **1,073,753,165** | **1,023,602,708** |
| d) Ordinary shares at 1st January | 47,082,900 | 44,840,857 |
| **e) Net Assets Value (NAV) Per Share ( e = c / d )** | **22.81** | **22.83** |

**24.00 POST EVENT OF FINANCIAL STATEMENT :**

The Board of Director of Central Insurance Company Ltd. in its 212th meeting held on April 26, 2018 has recommended cash dividend @ 12% for the year 2017, out of the surplus available for the year 2017 subject to approval of shareholders in the ensuing 30th Annual General Meeting.

**25.00 CLAIMS AGAINST COMPANY NOT ACKNOWLEDGED AS DEBT:**

There was no claim against Company, which is not acknowledged as debt other than normal course of business.

**26.00 CONTINGENT LIABILITIES:**

There was no contingent liabilities other than normal course of business.

**27.00 CREDIT FACILITIES:**

There was no credit facility available to the Company under any contract and availed of as on December 31, 2017 other than trade available in the ordinary course of business.

**28.00 MISC. EXPENSES:**

No single transaction under this head of accounts Miscellaneous exceeded Tk. 5,000.

**29.00 CAPITAL EXPENDITURE COMMITMENT :**

There was no capital expenditure commitment as at 31st December 2017.

**30.00 Attandance Status of Board Meeting of Directors :**

A. During the year from 01.01.2017 to 31.12.2017 there were 5 (five) Board Meetings were held. The attendance status of board meetings is as follows:

| Name of Directors | Position | No. of Meeting Held | Attended |
|---|---|---|---|
| Alhaj Md. Abu Taher Chowdhury | Chairman & Director | 5 | 5 |
| Mr. Mohammed Musa | Vice-Chairman & Director | 5 | 5 |
| Mr. Md. Nurul Islam | Director | 5 | 3 |
| Mr. Mohd. Masud Hossain | Director | 5 | 2 |
| Mr. Md. Masud Karim | Director | 5 | 5 |
| Mr. Md. Sazzad-un-Newaz | Director | 5 | 2 |
| Mr. Tauhid Rahman | Director | 5 | 2 |
| Mrs. Nurun Nahar | Director | 5 | 2 |
| Mrs. Shamim Ara Begum | Director | 5 | 2 |
| Mr. Ifthehar Maleque | Director | 5 | 2 |
| Mrs. Rokeya Begum | Director | 5 | 2 |
| Mrs. Jahanara Yousuf | Director | 5 | 2 |
| Mrs. Tayeeba Alam | Director | 5 | 3 |
| Mrs. Rosy Rahman | Director | 5 | 5 |
| Mrs. Shahida Nazneen | Director | 5 | 2 |
| Mr. Sabbirul Kabir | Director | 5 | 1 |
| Ms. Angee Chowdhury | Director | 5 | 2 |
| Mr. Zoynal Abedin Chowdhury | Director | 5 | 4 |
| Mr. Md. Abdullah Zehad | Independent Director | 5 | 5 |
| Mr. Md. Nurul Islam | Independent Director | 5 | 5 |
| Mr. Md. Zahid Anwar Khan | Chief Executive Officer | 5 | 5 |

B. During the year from 01.01.2017 to 31.12.2017 there were 3 (three) Executive Committee Meetings were held. The attendance status of executive committee meetings is as follows:

| Name of Directors | Position | No. of Meeting Held | Attended |
|---|---|---|---|
| Mr. Mohammed Musa | Chairman | 3 | 3 |
| Mr. Md. Masud Hossain | Member | 3 | 1 |
| Mrs. Rosy Rahman | Member | 3 | 3 |
| Mr. Zoynal Abedin Chowdhury | Member | 3 | 2 |
| Mr. Ifthehar Maleque | Member | 3 | 2 |
| Mrs. Jahanara Yousuf | Member | 3 | 2 |
| Mr. Md. Masud Karim | Member | 3 | 2 |
| Mr. Tauhid Rahman | Member | 3 | 1 |
| | | | |

C. During the year from 01.01.2017 to 31.12.2017 there were 3 (three) Audit Committee Meetings were held. The attendance status of audit committee meetings is as follows:

| Name of Directors | Position | No. of Meeting Held | Attended |
|---|---|---|---|
| Mr. Md. Abdullah Zehad | Chairman | 4 | 3 |
| Mr. Md. Nurul Islam | Member | 4 | 3 |
| Mr. Md. Sazzad un Newaz | Member | 4 | 3 |
| Mr. Md. Jafar Ali FCS | Member Secretary | 4 | 4 |

**General :**

**31.00** There were 335 numbers of employees.

**32.00** There was no bank guarantee issued by the company on behalf of their directors.

**33.00** Auditors were paid only statutory audit fee duly approved by the shareholders in the last AGM.

**34.00** There was capital work in progress at the end of the accounting year (Note no. 15).

**35.00** No expenses were paid as royalty and salary to technical experts etc.

**36.00** During the year the company was not entered into any agreement with the third party.

**37.00** There was no event occurred after financial statement date, which might effect financial position of the company as on financial statement date.

**38.00** No remuneration was given to the director except the board meeting fees.

**39.00 Internal Control :**

The following steps have been taken for implementation of an effective internal control procedure of the Company:

i) A strong internal control and compliance division has been formed with a view to establish a well designated system of internal control.

ii) Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect if internal control technique.

iii) To establish an effective management system that includes planning, organizing and supervising culture in branches of the company as well as at head office.

**40.00 Subsequent Disclosure of Events after the financial statement Date - Under BAS 10 :**

There is no non-adjusting post financial statement event of such importance, non disclosure of which would affect the ability to the users of the financial statements to proper evaluation and decision.

**41.00 Approval of the financial statements:**

These financial statements were authorized for issue in accordance with a resolution of the company's Board of Directors on April 26, 2018.

**42.00 Credit Rating Report :**

Credit Rating Information and Services Limited (CRISL) has assigned the Claim Paying Ability (CPA) rating of the company to 'A+' (pronounced as Single A plus) based on the audited Financial Statements up to December 31, 2016 and other relevant qualitative and quantitative information up-to the date of rating. The above ratings have been done after due considartion to its fundamentals such as improving financial performance, good liquidity, good FDR base, diversified investment portfolio, etc.

AMARSTOCK

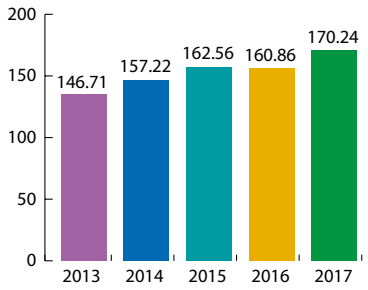
# SHARE INVESTMENT POSITION AS ON DECEMBER 31, 2017

Annexture-1

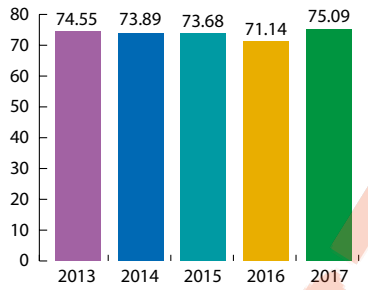
| Sl.# | Name of Itemes | No.of Share | Book Value | Market Rate | Market Value as on 31.12.17 |
|---|---|---|---|---|---|
| 1 | Central Depositery Bangladesh Ltd. | 571,181 | 1,569,450 | 2.75 | 1,569,450 |
| 2 | Eastern Housing Limited | 85,000 | 4,698,568 | 49.20 | 4,182,000 |
| 3 | Eastland Insurance | 24,890 | 1,566,240 | 23.80 | 592,382 |
| 4 | Fareast Islami Life Insurance Ltd. | 4,928 | 5,000 | 71.50 | 352,352 |
| 5 | Generation Next Fashions Limited | 53,337 | 851,548 | 9.40 | 501,368 |
| 6 | Global Heavy Chemicals Limited | 10,000 | 606,718 | 39.70 | 397,000 |
| 7 | GMG Air Lines Ltd. | 110,000 | 5,000,000 | 45.45 | 5,000,000 |
| 8 | Green Delta Mutual Fund | 100,000 | 1,000,000 | 9.20 | 920,000 |
| 9 | IBBL Mudaraba Perpetual Bond | 500 | 460,652 | 983.00 | 491,500 |
| 10 | ICB Islamic Unit Fund | 53,610 | 1,490,175 | 27.80 | 1,490,175 |
| 11 | ICB AMCL 1st Unit Fund | 124,100 | 3,286,572 | 26.48 | 3,286,572 |
| 12 | ICB Islamic Bank Ltd. | 200 | 2,000 | 7.00 | 1,400 |
| 13 | Khulna Power Co. Ltd. | 223,177 | 17,663,533 | 58.50 | 13,055,855 |
| 14 | Matin Spinning Mills Ltd | 3,000 | 139,224 | 38.60 | 115,800 |
| 15 | Orion Pharma Ltd. | 225,000 | 12,601,150 | 48.70 | 10,957,500 |
| 16 | Reliance 1st MF | 300,000 | 3,100,514 | 11.00 | 3,300,000 |
| 17 | Singer BD Ltd. | 56,675 | 11,687,786 | 195.50 | 11,079,963 |
| 18 | Southeast Bank | 20,000 | 390,751 | 22.20 | 444,000 |
| 19 | Square Pharmaceuticals Ltd. | 362 | 79,722 | 307.50 | 111,315 |
| 20 | Sumit Power Ltd. | 19,198 | 1,058,517 | 35.90 | 689,208 |
| 21 | Titas Gas | 157 | 13,513 | 44.20 | 6,939 |
| 22 | Trust Bank 1st MF | 107,593 | 646,453 | 6.70 | 720,873 |
| 23 | United Commercial Bank Ltd | 200,000 | 4,540,711 | 23.60 | 4,720,000 |
| 24 | United Finance Co. Ltd. | 67,501 | 4,002,943 | 23.80 | 1,606,524 |
| 25 | United Power Generation & Distribution Co Ltd | 137,000 | 23,020,395 | 181.10 | 24,810,700 |
| | **Total :** | | **99,482,133** | | **90,402,875** |

# GRAPHICAL TREND

### Yearwise Total Asset (Taka in crore)




### Yearwise Total Investment (Taka in crore)




### Application of Profit in 2017



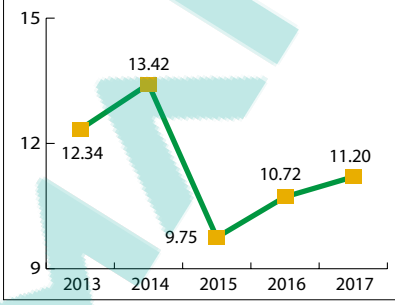
| | |
|---|---|
| Provision for Taxation | 25.84% |
| Provision for Gratuity Fund | 1.34% |
| Provision for Exceptional Losses | 21.72% |
| Provision for General Reserve | 0.00% |
| Provision for Retained Profit | 51.10% |
| Provision for IEF | 0.00% |
| | 100.00% |

### Composition of Underwriting Profit in 2017

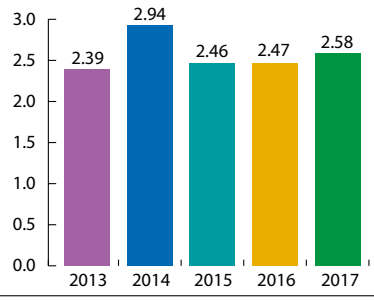


| | |
|---|---|
| Fire Revenue Account | 13.63 |
| Marine Revenue Account | 60.65 |
| Motor Revenue Account | 17.91 |
| Miscellaneous Revenue Account | 7.81 |
| | 100.00% |

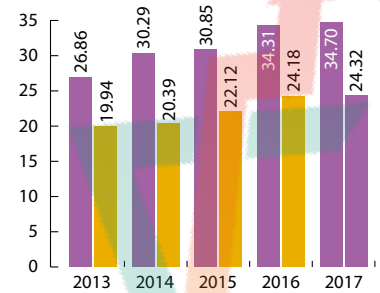
### Yearwise Net Profit before Tax (Taka in crore)



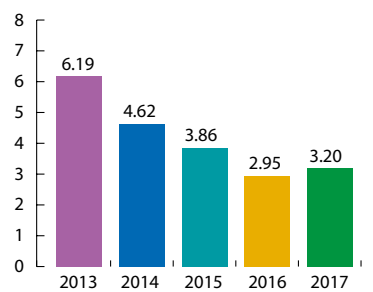

### Yearwise Reserve (Taka in crore)



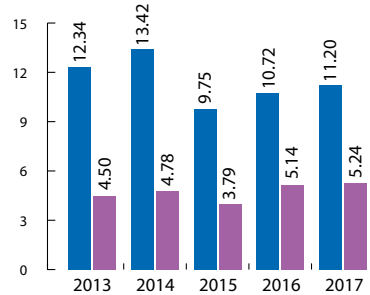

### Yearwise Gross & Net Premium Income (Taka in crore)




### Yearwise Gross Claim Paid (Taka in crore)




### Yearwise Pretax Profit & Underwriting Profit




AMAR STOCK

# LIST OF BRANCHES AND INCHARGES

| | |
|---|---|
| | LOCAL OFFICE |
| 1 | Mr. Md. Badrul Amin<br>Additional Managing Director & Incharge |
| | MOULVI BAZAR BRANCH |
| 2 | Mr. S. M. Shahidullah<br>Deputy Managing Director & Incharge |
| | NAYARANGANJ BRANCH |
| 3 | Al-Haj Khabir Uddin Ahmed<br>Deputy Managing Director & Incharge |
| | NAWABPUR BRANCH |
| 4 | Mr. Khandker Mosabber Hossain<br>Sr. Executive Vice-President & Incharge |
| | SK. MUJIB ROAD BRANCH |
| 5 | Mr. Nur Mohammed<br>Sr. Executive Vice President & Incharge |
| | KHATUNGANJ BRANCH |
| 6 | Mr. Md. Ali Sarwar Titu<br>Sr. Executive Vice President & Incharge |
| | KAWRAN BAZAR BRANCH |
| 7 | Mr. Md. Anwar Hossain<br>Sr. Executive Vice President & Incharge |
| | NARSINGDI BRANCH |
| 8 | Mrs. Tangema Sultana (Ruma)<br>Deputy Managing Director & Incharge |
| | JUBILEE ROAD BRANCH |
| 9 | Mr. Md. Mobin<br>Deputy Manager & Incharge |
| | DILKUSHA BRANCH |
| 10 | Mr. Md. Monir Hossain (Eron)<br>Senior Vice President & Incharge |
| | BANGSHAL BRANCH |
| 11 | Mr. Jainal Abedin<br>Sr. Vice President & Incharge |
| | RANGPUR BRANCH |
| 12 | Mr. M. A. Halim Kanoon<br>Sr. Vice President & Incharge |
| | BOGRA BRANCH |
| 13 | Mr. A.B.M. Siddique<br>Sr. Vice President & Incharge |
| | KUSHTIA BRANCH |
| 14 | Mr. Ali Hossain Akhter<br>Vice President & Incharge |
| | SAIDPUR BRANCH |
| 15 | Mr. Md. Rashidul Haque<br>Manager & Incharge |
| | DINAJPUR BRANCH |
| 16 | Mr. Md. Zakaria Hossain<br>Sr. Manager & Incharge |
| | RAJSHAHI BRANCH |
| 17 | Mr. Md. Torab Hossain<br>Senior Vice President & Incharge |
| | SATKHIRA BRANCH |
| 18 | Mr. Shaikh Arifur Rahman<br>Senior Vice President & Incharge |
| | VIP ROAD BRANCH |
| 19 | Mr. Md. Sujjad Hossain<br>Senior Vice President & Incharge |
| | MYMENSINGH BRANCH |
| 20 | Mr. Md. Abdur Rouf<br>Assistant Vice President & Incharge |
| | COMILLA BRANCH |
| 21 | Mr. Md. Abul Hashem Mojumder Pervez<br>Assistant Vice President & Incharge |
| | JOYPURHAT BRANCH |
| 22 | Mr. Md. Mostafizur Rahman<br>Assistant Vice President & Incharge |
| | FARIDPUR BRANCH |
| 23 | Alhaj Abdus Salam<br>Assistant. Vice President & Incharge |
| | PABNA BRANCH |
| 24 | Mr. Md. Mizanur Rahman<br>Assistant Vice President & Incharge |
| | SYLHET BRANCH |
| 25 | Mr. Azad Bakth Chowdhury<br>Senior Manager & Incharge |
| | BARISAL BRANCH |
| 26 | Mr. Md. Shahidul Haque<br>Senior Manager & Incharge |
| | AGRABAD BRANCH |
| 27 | Mr. Abdul Momen<br>Sr. Manager & Incharge |
| | LALMONIRHAT BRANCH |
| 28 | Mr. A.K.M. Rafiqul Islam<br>Assistant Vice-President & Incharge |
| | JESSORE BRANCH |
| 29 | Mr. Md. Shariful Haq<br>Asstt. Vice President & Acting Incharge |

## NOTES:

AMARSTOCK

AMAR STOCK

# সেন্ট্রাল ইনস্যুরেন্স কোম্পানী লিঃ
# CENTRAL INSURANCE COMPANY LIMITED

অগ্রগতি ও নিরাপত্তার প্রতীক

## PROXY FORM

I/We ..... of .....

.....

in the district of ..... being a Member of CENTRAL INSURANCE COMPANY LIMITED hereby appoint Mr./Ms. ..... of (Address) .....

.....

as any proxy, to vote for me and on my / our behalf at the thirtieth Annual General Meeting of the Company to be held on Monday, the 25th June, 2018 at 11:00 a.m at any adjournment thereof as WITNESS I PUT MY HAND THIS ..... DAY OF ..... 2018

_____
Signature of Proxy

Revenue Stamp (Tk. 20.00)

_____
Signature of Shareholder(s)

Folio / B.O. NO. .....

Folio No./BO ID No. .....
No. of Shares .....

**Important**

1. This Proxy form, duly stamped, must be deposited at the registered Office of the Company at atleast 72 (Seventy Two) hours before the time for holding the meeting.
2. Signature of the shareholder and the Proxy must confirm to the specimen signature Registered with the Company/Depository Participants).


# সেন্ট্রাল ইনস্যুরেন্স কোম্পানী লিঃ
# CENTRAL INSURANCE COMPANY LIMITED

অগ্রগতি ও নিরাপত্তার প্রতীক


## ATTENDANCE SLIP

I do hereby record my attendance at the thirtieth Annual General Meeting of the Company to be held on Monday, the 25th June, 2018 at 11:00 a.m at Auditorium Hall, Krishibid Institution Bangladesh, KIB Complex, Krishi Khamar Sarak, Farmgate, Dhaka-1215.

Name of Shareholder(s) / Proxy .....

.....

Name

Folio No./BO ID No. .....
No. of Shares .....

Signature
25th June, 2018

**Important**

1. Shareholders attending the meeting in person or by proxy are requested to complete this Attendance Slip.
2. Signature of Shareholder or Proxy must conform to the specimen signature recorded with the Company.
3. Please bring this Attendance Slip with you. Admission into the Meeting Room may not be permitted without it.
4. Any friend or children accompanying with honorable shareholders/proxy will not be allowed to the meeting.

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