

# Director's Report

Bismillahir Rahmanir Rahim

**Dear Shareholders,**

Assalamu Alaikum,

The Board of Directors of Crystal Insurance Company Limited is pleased to welcome you to the 23rd Annual General Meeting (AGM) of the Company and thanking you for the unconditional support since 1999. We are very gratified to present before you the Annual Report along with the Audited Financial Statements for the year ended December 31, 2022.

The report includes relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance, operations and achievements of the Company for the year ended 31st December 2022.

## Bangladesh Economy

The year 2022 supposed to be a celebration of Bangladesh's economic progress with the opening of Padma bridge and Dhaka metro rail and 100 percent electrification. And in the first half of the year, it appeared things were heading that way, particularly with exports roaring louder than ever before. Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05 percentage point higher than the target rate and 0.31 percentage point higher than the previous fiscal year. According to provisional estimate of BBS, per capita GDP and per capita national income stood respectively at US\$ 2,723 and US\$ 2,824 in FY 2021-22 compared to US\$ 2,462 and US\$ 2,591 respectively in FY 2020-21. The consumption increased to 78.44 percent of GDP in FY 2021- 22 from 74.66 percent in FY 2020-21. The gross investment stood at 31.68 percent of GDP in FY 2021-22, where public investment and private investment accounted for 7.62 percent and 24.06 percent of GDP respectively.

## Insurance Sector Overview

Insurance industry is playing an important role in the national economy of Bangladesh. The last decade has experienced a fast growth of the industry. There is no doubt that 2022 has been tough for everyone. It is easy to be discouraged at these times, but understanding the challenges is the first step to weathering them. Businesses that are open to changes and that turn ideas into action faster will stay relevant to the market.

According to the statistics of Bangladesh Insurance Association (BIA), the total premium income of private sector life insurance companies rose from Tk. 62,429 million in 2021 to Tk. 66,879 million in 2022. The gross premium income of non-life private sector insurance companies increased from Tk. 21,038 million in 2021 to Tk. 22,670 million in 2022 with a growth rate of 7.76%. In Bangladesh, the marine insurance is considered to be the lifeguard for the non-life insurance business. Marine insurance completely depends on imports which has continuously being disturbed by the Dollar crisis but the market is expected to improve in 2023.

Talking about the market Size and Present Position, the Insurance Industry of Bangladesh is promising and having huge growth potentials.

Insurance penetration rates in Bangladesh

- Combined Premium in proportion to GDP is 0.09% (Life -0.07% and Non-life -0.02%)
- Bangladesh ranks 76th in the world
- World market share is 0.02 percent
- Combined life and non-life insurance market premium is BDT 76,785 million
- Per capita spending on insurance is USD 2.6

## Industry Outlook and Possible Future Development

The insurance industry of Bangladesh is highly competitive. Key factors affecting the performance of the industry during the review period included fierce competition in the non-life segment, the rising market shares of private insurance companies, and the increasing level of risk being retained by insurers. The insurance regulatory reform is not just an aid for a catastrophic outcome; it can also be a driver of exponential economic growth. By streamlining the regulatory infrastructure in terms of data warehousing, governance, systems, resources, and processes in adjustment with international insurance standards such as the International Association of Insurance Supervisors (IAIS); Bangladesh can exhibit a reliable and well-balanced insurance platform. In short, rehabilitation of insurance regulations promulgated by IDRA could result in multifold positive impacts on the economy of Bangladesh.

## Risk and Concern

Both life and non-life Insurance Business involves assumption of risk many types-Physical as well as moral. Physical risks are identified as those caused by natural catastrophes, accidental losses and man-made disasters. The key to proper management of insurance business risks is to make sure proper selection of the client through a vetting process known as underwriting. Non-life insurance business also closely follows the country's economic development and any slowdown in the economic activities also has adverse impact on the insurance industry's growth. Crystal, being aware of these business risks practices the following to protect its interests; (a) selection of risks which have the potential of making underwriting profit. (b) Diversification into many segments of business-product wise, as well as client wise so that the company is not over reliant on any particular segment (c) the company arranges adequate reinsurance back up of risks assumed by it with good quality securities. (d) The company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen developments in the future.

## Extra Ordinary Activities & their implications

The activities of CICL has a steadily growth from the beginning. No extra ordinary activities occurred during the year and have no implications in the financial statements.

## Variance between Quarterly and Annual Financial Statements

Crystal Insurance Company Limited disclosed quarterly financial performance for the 3rd quarter in 2022. NOCFPS increases through Tk.2.39 from 3rd quarter financial statement to Annual Financial statement due to significant increase of collection of premium during the period October to December 2022.

## Directors Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board Meeting. As per IDRA Reference letter No. 53.03.0000.009.18.014.18.123 dated 31st May 2018 directors are eligible for remuneration of BDT 8,000 for attending each meeting. Details of Directors Remuneration are provided in note no 40.01 of notes to the financial Statements.

## Maintaining Proper Books of Accounts

The directors responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in good order. The books of accounts kept at the registered office of the Crystal Insurance Company Limited.

## Appropriate Accounting Policy Followed

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

## Effective Internal Control System

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. Board of directors has the responsibility for approving the review of overall business strategies and significant policies of the internal control system.

## Deviations from the Last Year Operating Results

NAV per share increases through Tk.1.51 from last year financial statement due to increase of investments, receivable from SBC and cash equivalent. NOCFPS increases from previous due to collection from premium (January to December 2022) increase from (January to December 2021) through Tk.100,764,401/- where as management expenses, Re-Insurance, Claim & Agent Commission reduced by Tk.19,306,666/- compare with January to December 2021.

## Five Years Operating and Financial Data

The Key operating and financial data for the last five years have been shown at below:

Particulars	2018	2019	2020	2021	2022
Gross premium	431,301,165	527,325,300	598,423,482	617,435,525	684,852,788
Net premium	302,648,856	390,893,600	388,112,507	390,496,723	479,188,364
Gross claims	108,713,194	169,663,830	59,635,741	61,097,491	62,025,750
Underwriting profit	65,000,849	99,990,113	143,998,783	118,069,902	137,438,974
Investment income	35,545,759	42,226,980	56,279,756	73,697,553	52,199,885
Net profit before tax	79,571,490	105,777,186	149,915,893	134,698,337	130,239,341
Net profit after tax	67,986,676	75,202,880	122,588,906	119,585,904	115,157,577
Total assets	952,326,868	1,055,885,907	1,454,303,792	15,98,499,668	18,38,048,443
Total liability	396,369,852	469,710,513	615,236,067	686,605,891	865,615,877
Shareholders' equity	555,957,016	586,175,394	839,067,725	911,893,777	972,432,566
No. of Shares	24,000,000	24,000,000	40,000,000	40,000,000	40,000,000
NAV per Share	23.16	24.42	20.98	22.80	24.31
EPS per Share	2.60	2.92	2.89	2.83	2.72

### Dividend Declaration Policy

In the year under review as per the instruction of the Board of Directors of the company, the management is following a policy regarding dividends to be paid to the shareholders in a manner that shall be in the line with and in consistent to the actual income as well as the practices of the insurance industry. Board of Directors Meeting held on 17th April 2023 has recommended a Cash dividend at 10% for the year 2022.

### Disclosure on Dividend Distribution

Crystal Insurance Company plan to pay the dividend to the securities holder within 30 (thirty) days of declaration or approval and submit a compliance report to the Exchange and to the Commission in respect of dividend payment within 7 (seven) working days.

### Interim Dividend

No bonus share or stock dividend has been declared by the Board as interim dividend and there was no effect of the company's financial position.

## Board Meetings and Attendance

During the year, the Board of Directors Meeting and their attendance records are shown at below:  
The Board of Directors' meetings held regularly and with due manner. A total of four (04) Board of Directors' meeting was held during the year 2022.

S.L	Name of Directors	Position	Attendance
01	Mr. Abdullah Al - Mahmud	Chairman	04
02	Mr. Abdullah Hasan	Director	04
03	Mr. A.H.M. Mozammel Hoque	Director	04
04	Mr. Md. Tajul Islam	Director	04
05	Mrs. Farzana Munny	Director	01
06	Mrs. Shahzadi Begum	Director	04
07	Mrs. Farhana Danesh	Director	04
08	Mr. Ashok Ranjon Kapuria	Director	03
09	Ms. Soera Zahir	Director	03
10	Mr. Arafat Rashid	Director	04
11	Mrs. Nusrat Mahmud	Director	03
12	Ms. Nabila Mahmud	Director	03
13	Dr. M. Waliuzzaman	Independent Director	02
14	Mr. Kazi Nasim Uddin Ahmed	Independent Director	04
15	Mr. Md. Abdul Latif Mia	Independent Director	01
16	Mr. Md. Rashedur Rahman	Independent Director	04

N.B: CEO (Chief Executive Officer); CS (Company Secretary) & CFO (Chief Financial Officer) were also present in all Board of Directors meeting during the year 2022.

## Pattern of Shareholding

A report on the pattern of shareholding disclosing the aggregate number of shares along with name-wise details as on 31st December 2022 are stated at below:

### Shareholding pattern of the Company as on 31st December 2022.

Directors and Sponsors	Position	Shareholding Status	% of Shareholdings
Mr. Abdullah Al-Mahmud	Chairman	4000000	10.00%
Mr. Abdullah Hasan	Director	4000000	10.00%
Mr. A.H.M. Mozammel Hoque	Director	800000	2.00%
Mr. Md. Tajul Islam	Director	900000	2.25%
Mrs. Farzana Munny	Director	800000	2.00%
Mrs. Shahzadi Begum	Director	800000	2.00%
Mrs. Farhana Danesh	Director	955000	2.39%
Mr. Ashoke Ranjan Kapuria	Director	1200000	3.00%
Mrs. Soera Zahir	Director	2000000	5.00%
Mr. Arafat Rashid	Director	800000	2.00%
Mrs. Nusrat Mahmud	Director	4000000	10.00%
Mrs. Nabila Mahmud	Director	2000000	5.00%
Mr. Abdullah Al-Mamun (Deceased)	Shareholder	800000	2.00%
Mr. Iqbal Hasan Mahmood	Shareholder	375000	0.94%
Mrs. Sarah Hasein Mahmood	Shareholder	300000	0.75%
Mr. Rubayat Tanveer Huda	Shareholder	270000	0.68%
Public & Others		16000000	40.00%

## Retirement and Re-election of Directors

As per Companies Act, 1994, each year one-third of the Directors (except Independent Director) retire from office at the Annual General Meeting (AGM) and if eligible, may offer themselves for re-election by share-holders at the Annual General Meeting. In line with the requirement of Company Act, 1994, the following Directors will retire at the 23rd AGM with seniority basis:



1. Mr. Abdullah Al-Mahmud
2. Mr. Abdullah Hasan
3. Mr. A.H.M. Mozammel Hoque
4. Ms. Nusrat Mahmud

The above directors are eligible for re-election for their next term.

## Management's Discussion and Analysis of the Company's Position

Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements are stated at page no (99-100) in this Annual Report.

## Corporate Social Responsibility (CSR) Policy

Annual CSR programs in terms of board approved CSR policies of Crystal Insurance Company Limited will be drawn up and implemented by the dedicated CSR unit. Report on CSR shown at page no. 66 & 67 of Annual Report.

## Earnings per Share (EPS)

Net profit before tax of the company stands at Tk 130.24 million during the year 2022, Earning per share after tax of Tk 2.72 compared to Tk 2.83 per share in the previous year. The calculation of EPS are Shown at Note No. 36.00 of Financial Statement in the Annual Report.

## Claims and Client Service

The gross claim for the year 2022 was for Tk.62.03 million as against Tk.61.10 million in 2021. This has been increased by Tk.0.93 million over the previous year. The company received on (Re-insurance ceded) total for the year 2022 was Tk.60.75 million whereas the amount was Tk.8.78 million in the previous year which is Tk.60.31 million higher than that of the previous year. However, we always keep ourselves ready to meet our valued client's satisfaction.

## Solvency Analysis and Credit Rating

Both short term and long term solvency of the company has reached to such a level that is needed for meeting the requirement of new Insurance Act-2010 as well as for getting satisfaction of the financial analysts and the rating agencies. The equity base of the company paid up capital Tk. 400 million in the year 2022. Crystal Insurance Company Limited has been earn a Credit Rating of AA(Double A) based on 2021 financial strength and performance by National Credit Ratings Limited (NCR) on 16th May, 2022 which entails a very high capacity to meet policyholder's obligations and provide policyholder's benefits relative to other insurance companies in the same market. The Company has a very low sensibility to the effect of adverse business and economic factors.

## Loans or Advances to Directors

In the year 2022, CICL has not allowed any loans or advances or any debit balances (including guarantee or security in connection with a loan) to any Director of the company with refer to the Commissions Notification no. SEC/CMMRR/CD/2006-159/Admin/02-10 dated 10 September 2006.

## Shareholders' Value

CICL remains fully committed to delivery of higher standard of shareholders' value. The higher profitability underpins the value the shareholders derived from investing in the shares of CICL.

## Annual General Meeting

23rd Annual General Meeting (AGM) of the company will be held on 18th June at 11.30 a.m. (Virtually). In this connection, financial statements were adopted in the 100th Board Meeting held on 17th April, 2023 and the financial statements will be approve in the 23rd AGM.

## Corporate Governance

Good Corporate Governance is the system through which the company is directed, guided and controlled by the Board, keeping in view its accountability to the Shareholders. The Board has complied with the requirements set out by BSEC.

## Appointment of Auditor's and fixation of their Remuneration.

**Statutory Auditor's: M/S. Ahmed Zaker & Co**, Chartered Accountants was appointed as the Statutory Auditor of the Company at the 22nd AGM held on 14th June, 2022. Which will expire in the 23rd AGM. By the order of the Bangladesh Securities and Exchange Commission **M/S. Ahmed Zaker & Co** can't audit till investigation is over.

In this connection, **M/S. Mahfel Huq & Co**, Chartered Accountants are interested to conduct the audit for 2023. They are eligible for appointment as Statutory Auditors for the year 2023.

### Compliance Auditors:

Appointment of auditors/practicing professional for issuing certificate on compliance of conditions of corporate governance code and fixation of their remuneration.

**Jobair Satter & Co**, Chartered Accountants was appointed as the Compliance Auditor of the Company at the 22nd AGM held on 14th June, 2022, which will expire in the 23rd AGM and they are eligible for re-appointment for the year 2023.



## Transparency and Accountability

Crystal Insurance Company Ltd. always maintains transparency and accountability at all levels in doing business. To provide sustainable profitability, minimizing risks and establishing good governance in all spheres of Company's operation, the company ensures the segregation of duties and responsibilities between the Board & Management.

## Acknowledgement

The members of the Board of Director of Crystal Insurance Company Limited like to express gratitude to all honorable shareholders, valued clients for their patronage and support. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from office of the Chairman, Insurance Development & Regulatory Authority (IDRA), all concerned Government Offices including Ministry of Finance, Ministry of Commerce, Sadharan Bima Corporation, Bangladesh Bank, all Nationalized Bank, Commercial Bank and Financial Institution, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), Central Depository Bangladesh Limited (CDBL), National Board of Revenue (NBR), Bangladesh Insurance Association, and Bangladesh Association of Publicly listed companies (BAPLC). The Board Members also pleased to put on record their appreciation for the commitment and dedication extended by the management of the Company.

On behalf of the Board of Directors.



**Abdullah Al Mahmud**  
Chairman.