

# Annual Report 2010



**Prime Insurance Company Limited**

# Annual Report 2010



Prime Insurance Company Limited



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# Letter of Transmittal

Date: March 22, 2011

All Shareholders  
Securities and Exchange Commission  
Registrar of joint Stock Companies and Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

**Sub: ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010**

Dear All:

For your kind information, we are pleased to present a copy of our Annual Report 2010 along with the Audited Financial Statements for the year ended December 31, 2010 for your documentation and necessary actions.

Sincerely Yours

A handwritten signature in black ink, appearing to be 'Kamal Pasha', written over a white background.

Kamal Pasha  
Company Secretary



## Notice of the 15<sup>th</sup> Annual General Meeting



### **Prime Insurance Company Limited**

63 Dilkusha (6th Floor), Motijheel C/A, Dhaka-1000, Bangladesh

The 15<sup>th</sup> Annual General Meeting of Prime Insurance Company Limited will be held on Monday, 18 April 2011 at 11 am at the Auditorium of Bangladesh Institute of Administration and Management (BIAM), 63 New Eskaton, Dhaka, to transact the following business:

1. To receive and adopt the Directors' and Auditors' Report and the audited Financial Statements for the year ended 31 December 2010
2. To declare Dividend for 2010
3. To elect Directors
4. To appoint the Auditors for the year 2011 and fix their remuneration
5. To consider post facto approval for appointment of Md Ezhar Hossain as Managing Director

By order of the Board

Handwritten signature of Kamal Pasha.

**Kamal Pasha**  
SAVP (Admin)  
& Company Secretary (cc)

24 March 2011

#### **Notes :**

1. The "Record Date" fixed on 1 March 2011. The shareholders whose names will appear in the Register of Members/Depository Register on the Record Date will be eligible to attend the meeting and qualify for dividend.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy in his/her stead. The proxy form, duly stamped must be deposited at the registered office of the Company not later than 48 hours before the meeting.



# Vision & Mission

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## OUR VISION

We envision being a leading insurer by maintaining the highest standards of service in all areas of our work in order to uphold our status as one of the market leaders in the insurance industry of Bangladesh.

## OUR MISSION

Our mission is to provide world class service with supreme security to our clients and help in increasing awareness about insurance in the country as well as enhancing public confidence in the insurance industry in Bangladesh. We intend to introduce modern insurance products comparable with international standards and emerge as an innovative insurer by providing complete risk management solutions to the clients.





# Objectives & Corporate Philosophy

## OBJECTIVES

- To be one of the top institutions in terms of Product And Service, Cost Efficiency, Market Share and Corporate Governance
- To maximize insurance coverage at a minimum cost
- To provide our Clients with professional and expert services
- To enhance mass awareness about General Insurance in Bangladesh

## CORPORATE PHILOSOPHY

### For Clients

- Safer and Faster Service
- Quality and Efficiency
- Privacy

### For Employees

- Cooperation, Teamwork and Partnership
- Continuous Learning through Training & Improvement
- Personal and Professional Growth

### For Shareholders

- Operating the company in profitable manner
- Honesty, Fairness, Integrity and Respect

### For Country

- Contribution to National Exchequer
- Building the country image
- Corporate Social Responsibilities



## Products & Services

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### Fire Insurance

Fire Insurance Policy  
Consequential Loss Insurance Policy  
Industrial All Risk Insurance Policy  
Power Plant Operational Package Insurance Policy



### Marine Insurance

Marine Cargo Insurance Policy  
Marine Hull Insurance Policy



### Motor Insurance

Private Vehicle Insurance Policy  
Commercial Vehicle Insurance Policy  
Motor Cycle Insurance Policy  
Motor transit Insurance Policy



### Engineering Insurance

Contractor's All Risks Insurance Policy  
Erection All Risks Insurance Policy  
Boiler & Pressure Vessel Insurance Policy  
Machinery Breakdown Insurance Policy  
Deterioration of Stock Insurance Policy



### Miscellaneous Accident Insurance


Burglary & House Breaking Insurance Policy  
Cash-in-Transit Insurance Policy  
Cash-in-Safe Insurance Policy  
Cash-on-Counter Insurance Policy  
Goods-in-Transit Insurance Policy  
Personal Accident Insurance Policy  
Dread Disease Insurance Policy  
Householders' Comprehensive Insurance Policy  
Comprehensive Travel Insurance Policy  
Workmen's Compensation Insurance Policy  
Fidelity Guarantee Insurance Policy  
House Owner's All Risk Insurance Policy  
People's Personal Accident Insurance Policy  
Public Liability Insurance Policy  
Product Liability Insurance Policy  
Health Plan Insurance Policy  
Medi-Claim Insurance Policy  
Bank Lockers Insurance Policy





## Corporate Information

### Registered name of the Company

 Prime Insurance Company Limited

### Registered Office

63 Dilkusha C/A (6th Floor), Dhaka-1000, Bangladesh  
 Phone : (+880-2) 956-2512, Fax : (+880-2) 956-6923  
 E-mail : info@prime-insurance.net

### Corporate website

www.prime-insurance.net

Date of Incorporation	21 March 1996
Date of Registration with the Controller of Insurance	31 March 1996
Listing with Dhaka Stock Exchange Ltd	21 March 2001
Listing with Chittagong Stock Exchange Ltd	22 March 2001

### Shareholding Structure

		Taka
Sponsors	32.17%	6,62,20,000
Public Shareholders	67.83%	13,96,35,900

### Capital

Paid-up : 2,05,85,590 ordinary shares of Tk 10 each 20,58,55,900

### Authorized :

10,00,00,000 ordinary shares of Tk 10 each 100,00,00,000

### Auditors

M M Rahman & Co  
 Chartered Accountants

### Major Stock Brokers

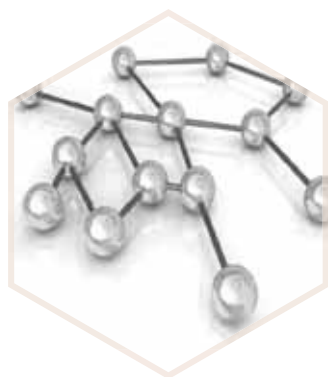
PFI Securities Ltd  
 Prime Bank Investment Ltd

### Principal Bankers

Al-Arafah Islami Bank Ltd  
 Prime Bank Ltd  
 Bank Alfalah Ltd

### Legal Advisers

Syed Mizan & Associates  
 Law & Remedy



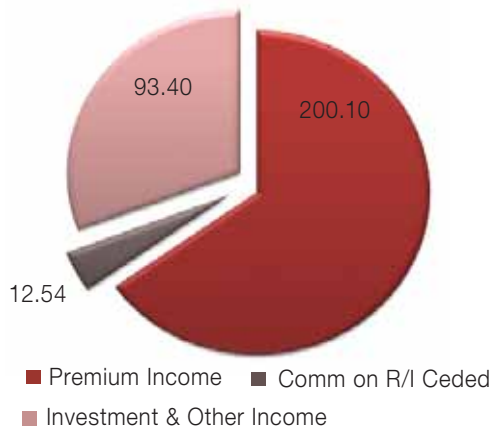
## Our Branches

Name of Branch & Address	Office In-Charge	Telephone
<b>Principle Branch</b> 63 Dilkusha C/A (6 <sup>th</sup> Floor), Dhaka e-mail: principle-branch@prime-insurance.net	<b>Uttam Kumar Bhowmick</b> Senior Assistant Vice President	9562613 01711628695
<b>Motijheel Branch</b> 69 Dilkusha C/A (4 <sup>th</sup> Floor), Dhaka e-mail: motijheel-branch@prime-insurance.net	<b>Syed Monirul Huq</b> Assistant Managing Director	9564100 01713331823
<b>Rajuk Branch</b> 28/1-C Toyenbee Circular Road (VIP Road) Motijheel, Dhaka e-mail: rajuk-branch@prime-insurance.net	<b>Md Pallab Karder</b> Executive Vice President	01911366388
<b>Kawran Bazar Branch</b> 49 Kazi Nazrul Islam Avenue (2 <sup>nd</sup> Floor), Dhaka e-mail: kawran-branch@prime-insurance.net	<b>K M Mostahid</b> Assistant Vice President	9126685 01713331833
<b>Bangshal Branch</b> 121/2 Lutfor Rahman Lane (3 <sup>rd</sup> Floor), Dhaka e-mail: bangshal-branch@prime-insurance.net	<b>Md Mozammel Hossain</b> Senior Assistant Vice President	9563197 01713331841
<b>Mohakhali Branch</b> G P F-93 (2 <sup>nd</sup> Floor) Mohakhali, Dhaka e-mail: mohakhali-branch@prime-insurance.net	<b>M A Sattar Howlader</b> Senior Vice President	9886177 01713331834
<b>VIP Road Branch</b> Paramount Heights, 65/2/1 Box Calvert Road (3 <sup>rd</sup> Floor), Purana Paltan, Dhaka e-mail: viproad-branch@prime-insurance.net	<b>Gouranga Chandra Misra</b> Executive Vice President	7126311 01713331856
<b>Mirpur Branch</b> 98/C Sen Para Parbata, (2 <sup>nd</sup> Floor) Mirpur-10, Dhaka e-mail: mirpur-branch@prime-insurance.net	<b>Monobrata Roy</b> Senior Assistant Vice President	9007192 017173331837
<b>Narayangonj Branch</b> 52/1 B B Road (2 <sup>nd</sup> Floor), Narayangonj e-mail: narayangonj-branch@prime-insurance.net	<b>Bashu Deb Chakrabarty</b> Deputy Managing Director	7631936 01713331821
<b>Agrabad Branch</b> 1110/B Hasna Tower (3 <sup>rd</sup> Floor) Agrabad C/A, Chittagong e-mail: agrabad-branch@prime-insurance.net	<b>AAM Zahed Nizam</b> Vice President	(031) 715907 01713331835
<b>Kadamtali Branch</b> Rahat Centre, 295 DT Road (1 <sup>st</sup> Floor) Kadamtali, Chittagong e-mail: kadamtali-branch@prime-insurance.net	<b>Mainul Islam Chowdhury</b> Senior Vice President	0173035844 (031) 2529225
<b>Khulna Branch</b> Nizam Chamber (3 <sup>rd</sup> Floor) 7 Old Jessore Road, Khulna e-mail: khulna-branch@prime-insurance.net	<b>Mizanur Rahman</b> Vice President	(041) 731164 01714083888
<b>Rajshahi Branch</b> Shaheb Bazar, Natore Road (3 <sup>rd</sup> Floor) Rajshahi e-mail: rajshahi-branch@prime-insurance.net	<b>Fazal Mahmud</b> Senior Assistant Vice President	(0721) 775277 01711855776
<b>Barisal Branch</b> 95 Sadar Road (2 <sup>nd</sup> Floor), Barisal. e-mail: barisal-branch@prime-insurance.net	<b>Md Abdul Halim Khan</b> Vice President	(0431) 64426 01713331844
<b>Bogra Branch</b> Talukder Mansion (2 <sup>nd</sup> Floor), 149 Borogola, Bogra. e-mail: bogra-branch@prime-insurance.net	<b>Abdul Hai Sarder</b> Executive Vice President	(051) 60960 01711860008
<b>Pabna Branch</b> Haque Super Market (2 <sup>nd</sup> Floor) Abdul Hamid Road, Pabna e-mail: pabna-branch@prime-insurance.net	<b>Md Mijanur Rahman</b> Senior Vice President	(0731) 64124 01713331843

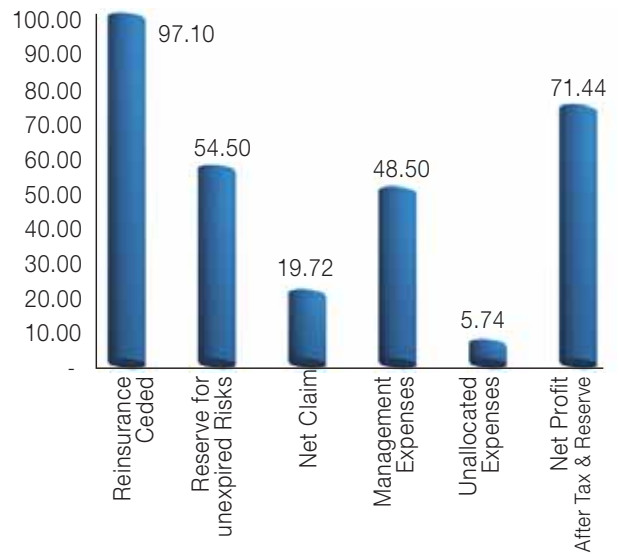


# Graphical Presentation

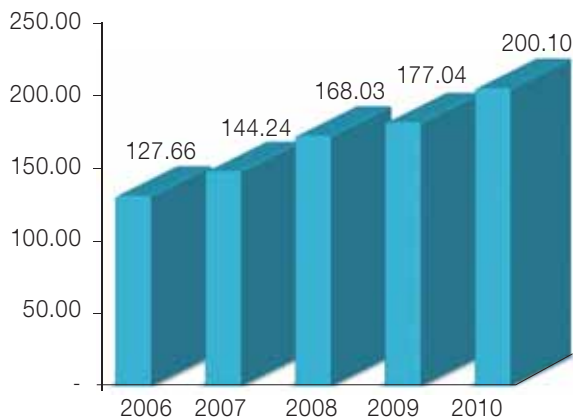
**Total Income for 2010**  
(Taka in Million)



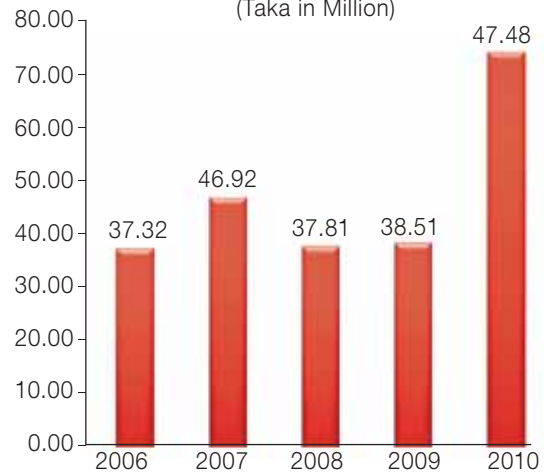
**Application of Fund**  
(Taka in Million)



**Gross Premium**  
(Taka in Million)

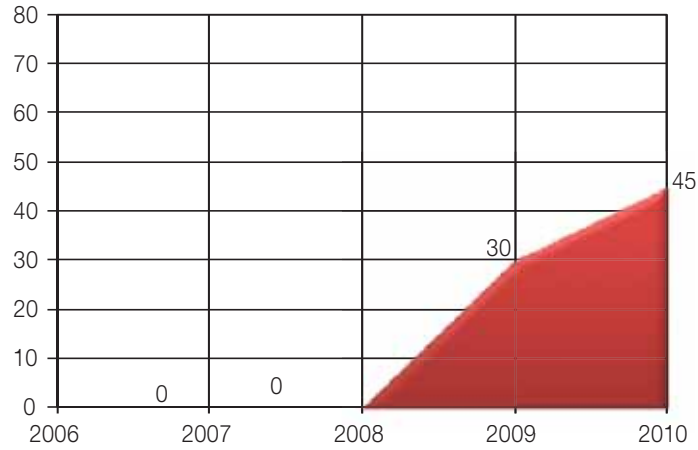


**Gross Claims Paid**  
(Taka in Million)



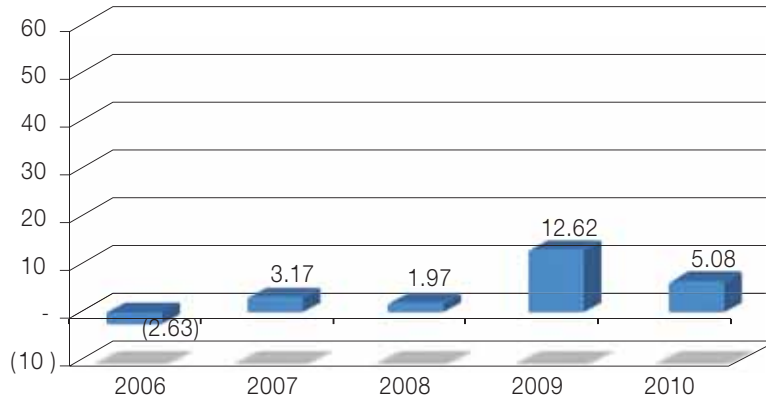
### General Reserve

(Taka in Million)



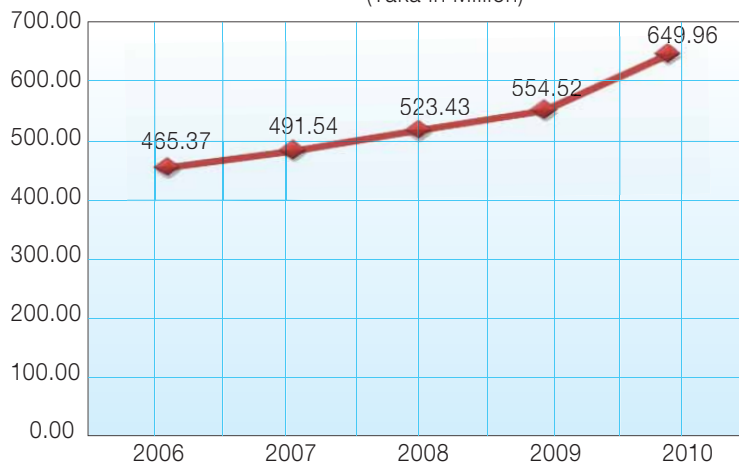
### Underwriting Profit/(Loss)

(Taka in Million)



### Assets

(Taka in Million)





## Board of Directors' List

### Ferdous Amin

Chairman of the Board of Directors

Mr Ferdous Amin has obtained his MSS degree on Government & Politics from Jahangir Nagar University. After completion of his education he involved himself in business. He was a Director of Bangladesh Garments Manufacturers and Exporters Association (BGMEA) in the year of 2001-2002 and 2003-2004. Presently, he is associated with the Ready-made Garments Industry.



### Md Shah Alam

Vice Chairman

Mr Md Shah Alam obtained his graduation from University of Chittagong. He is at present the Managing Director of M/s Radiant Shipping, Nice Food Products, Wellmart Super Store and Director of Western Marine Group and also the President of Mohammedan Sporting Club, Chittagong. He is also involved with Lions Club as well as different social and cultural activities.



### Nazma Haque

Director

Mrs Nazma Haque is a reputed businesswoman. She is a Director of Northern Pisciculture, Bogra and Asia Gate Ltd. She is also associated with a number of socio-cultural organizations.



### Md Zakiullah Shahid

Director

Mr Md Zakiullah Shahid, a young and dynamic entrepreneur is at present the Managing Director of Electra Telecom Ltd, Electra International Ltd, and Chairman of Federal Securities and Investment Ltd.




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**Hasina Khan**

Director

Mrs Hasina Khan is a renowned businesswomen and Director of Pedrollo Group, Polyexprint Limited, Pedrollo Dairy & Horticulture Limited, Chittagong Dairy and Agricultural Firm. She is also the Proprietor of Khan Traders. She is the President of Khulsi Lions Club, Chittagong & Vice Chairperson of Prime Bank Ltd.

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**Gole Afroz Banu**

Director

Mrs Gole Afroz Banu is a renowned businesswoman and industrialist. She is a Director of M/s Khaled Textile Mills Ltd, Gazipur and Eurasia Gate Limited. She is associated with a number of social and cultural organizations.

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**Rahela Hossain**

Director

Mrs Rahela Hossain is a renowned businesswoman and Director of Prime Insurance Company Limited. She is the Managing Partner of Samira Electronics. She is involved with a number of socio-cultural organizations.

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**Dil Ara Begum**

Director

Mrs Dil Ara Begum is a renowned businesswoman and Director of Prime Insurance Company Limited. Apart from this she is associated with a number of socio- cultural organizations.

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**Nilufar Hussain**

Director

Mrs Nilufar Hussain is a renowned businesswoman. She is a Director of Agami Fashions & Dekko Knitex Ltd. Mrs Hussain is associated with a number of socio-cultural organizations.

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### **Shah M Hasan**

Director

Mr Shah M Hasan after his completion of graduation from Pakistan Navy joined Bangladesh Navy. After that, he served in Bangladesh Water Transport Authority and Chittagong Port Authority. At present, he is the Managing Director of Mariners Bangladesh Ltd and Director of M/S Confidence Cement Ltd, Confidence Steel Ltd, Confidence Power Ltd, Asian Paints Bangladesh and Orbit Pharmaceuticals Ltd.



### **Dr Fatema Raushan Jahan**

Director

Dr Fatema Raushan Jahan is a physician and specialized in medicine. She is a Director of Mawsons Ltd and involved herself with a number of socio-cultural organizations.



### **Mafiz Ahmed Bhuiyan**

Director

Mr Mafiz Ahmed Bhuiyan, after completion of his education, started business and established a number of industries. He is a Director of Prime Bank Ltd.



### **Syed Muradullah Ahmed**

Director

Syed Muradullah Ahmed is a renowned businessman. He is associated with a few Industrial Unit Viz, GQ Ball Pen Industry Limited, Maladesh International (Pvt) Limited, GQ Industries Limited as Director. He patronizes a few socio-cultural organizations.



### **Alhaj Abdul Gaffar Dubash**

Director

After completion of education Alhaj Abdul Gaffar Dubash started business. At present, he is the Managing Director of Saracen International and Independent Director of Confidence Cement Ltd. He was a former District Governor of Lions Club and involved with a number of social welfare organizations.




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**Mizanur Rahman Mostafa**

Director

Mr Mizanur Rahman Mostafa, after completion of his education he engaged himself in the business and established a number of companies. At present, he is a Director of Prime Islami Life Insurance, Managing Director of Capital Living and Chairman of Capital Elevators. He is an active Rotarian.




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**Abu Hasan Khan**

Director

Mr Abu Hasan Khan after obtaining his Masters joined Bangladesh Oxygen Company Ltd. He is the Director of GQ Ball Pen Industries Ltd, GQ Marketing Ltd, GQ Industries Ltd, CELLO-GQ Industries Ltd, and Managing Director of GQ Foods Ltd and Maladesh International (Pvt) Ltd. He is an active Lion.




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**Farhana Chowdhury**

Director

Mrs Farhana Chowdhury is a businesswoman and director of Prime Insurance Company Limited. She is associated with a number of socio-cultural activities.




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**Ahsan Kabir Khan**

Director

Mr Ahsan Kabir Khan finished his masters in Management from University of Dhaka in 1992. Later on, he completed his MBA major in finance from a private university. He is given the current charge of Managing Director of Prime Finance and Investment Ltd from January 16, 2011. He is involved with financial institutions for more than a decade.




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**AKM Nozmul Haque**

Independent Director

Mr AKM Nozmul Haque did his MSc from Rajshahi University, MA from New York University, USA. He has served in Central Bank as well as in Development and Commercial Banks both in Public and Private Sectors. He was the Managing Directors of Agrani Bank Ltd, Rupali Bank Ltd, and Prime Finance & Investment Ltd. He has also published a number of articles in a number of journals, books and newspapers.

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## Management Committee

### **Md Ezhar Hossain**

Managing Director



Mr Md Ezhar Hossain, ABIA, a reputed insurance personality, has recently assumed the office of the Managing Director of Prime Insurance Company Ltd. Prior to this assignment, he acted as Managing Director of Asia Insurance Ltd for about ten years. Mr Hossain is a Master of Commerce University of Dhaka and obtained BIA diploma from Bangladesh Insurance Academy.

He started his career in 1968 as Junior Executive Officer in the insurance industry. Thereafter, he worked in various capacities in Head Office and Zonal Offices of Sadharan Bima Corporation till 1997. He served the Central Insurance Co Ltd, as Deputy Managing Director and also served as Managing Director (cc). During this long 43 years insurance career he underwent various training courses at home and abroad on insurance.

### **Mohammodi Khanam**

Additional Managing Director

Ms Mohammodi Khanam, ABIA, has in her credit more than two decades of experience in Insurance arena. She has recently joined the Company as Additional Managing Director. Prior to this appointment, she was an Executive Director of Green Delta Insurance Company Ltd. Ms Khanam completed her MSS along with her BSS (Honors) in Economics from the University of Dhaka. She has been awarded the esteemed International Who's Who of Professionals (USA) and also has been featured in the 2009- 2010 edition of the Madison Who's Who Registry of Executives and Professionals. She is a Life Member as well as Regular Trainer of Bangladesh Insurance Association.



**Bayazid Muztaba Siddiqui**

Deputy Managing Director

Mr Bayazid Muztaba Siddiqui, an insurance personality, has spent about 26 years in the private sector insurance company in various capacities. He joined the Company on 31 December 2009 and presently holding the position of Deputy Managing Director as well as the In-Charge of Re-Insurance Department. Before joining this organization he was the Dy Managing Director of Islami Insurance Bangladesh Ltd. He also served in Northern General Insurance, Janata Insurance & BGIC. He acquires knowledge in Underwriting, Claims, Re-Insurance and Marketing of non life Insurance Management. He attended numbers professional Training Courses and Workshops on Underwriting, Claims and Re-Insurance. He completed his MA from University of Chittagong.

**Kamal Pasha**

Company Secretary



Mr Kamal Pasha joined Prime Insurance as an AVP in 2005. He has more than 20 years of experience in Administration. He completed his MSc (1981) as well as BSc (1980) in Applied Physics from the University of Dhaka. He is a fellow of IPM, Bangladesh, affiliated with Chartered Institute of Personnel & Developements, UK and a member of Asia Pacific Federation of Human Resources Management and World Federation of Personnel Management Association, USA. At present he is an SAVP and serving the company as Company Secretary (Current Charge).

**Mohammed Masoom**

Senior Executive Vice President

Mr Mohammed Masoom has 40 years of experience in different areas of Insurance Industry. It includes service in world reputed inspection Company "Societe Generale De Surveillance (SGS)", Local Office in Dhaka. He joined Prime Insurance in 2005 and he is serving as Senior Executive Vice President in this Company with sound knowledge in Claim & Re-Insurance. He has completed his Bachelor of Science from Dhaka College under University of Dhaka in 1967.

**Sujit Kumar Bhowmik**

Executive Vice President



Mr Sujit Kumar Bhowmik joined Prime Insurance in 1999 as an AVP. Green Delta Insurance Company Ltd. Prior to this appointment he was serving in Green Delta Insurance Company Limited as a Senior Executive Officer. He obtained extensive training in Underwriting, Claims & Re-Insurance. At present he is serving as EVP and Head of Branch Control Department. He attended various seminars within the country. He is associated with Rotary International and Insurance training of Prime Insurance. He has completed his BSS (HONS) in Economics from University of Dhaka.

### **Mohammed Monirul Alam**

Senior Vice President



Mr Mohammed Monirul Alam joined Prime Insurance Company as Senior Vice President in 2008. He has 24 years of experience in Insurance industry in Human Resource, Establishment, Public Relations and Policy Servicing Dept, other related fields and businesses. He is responsible for Administration and Corporate Affairs in the Company. He has completed his BSc and MSc in Economics from Jahangirnagar University.

### **Md Lokman Hossain**

Senior Assistant Vice President & CFO

Mr Md Lokman Hossain is holding the position of Senior Assistant Vice President and CFO of the Company. He has 23 years of work experience in Accounts & Audit department. He obtained his MCom in Management from the University Of Dhaka.



### **Anamul Gani Chowdhury**

Assistant Vice President



Mr Anamul Gani Chowdhury joined Prime Insurance Company in 2004 and holding the position of Assistant Vice President and In-Charge of Audit & Internal Control Department. In 16 years of working experience he has sound knowledge on Finance, Accounting and Audit. He obtained his MBA with major in Finance from UITS.

### **Md Asaduzzaman Mia**

Manager & Head of Share Investment & Trade

Mr Md Asaduzzaman Mia, Manager and Head of Share Investment & Trade has joined Prime Insurance in 1997. He has more than 14 years of experience in his career in financial institutions as well as in investment in Stock Market. He has completed his MSS from the National University of Bangladesh in the year 1993. He also attended various course on Share Investment, General Insurance, Compliance and VAT from reputed Training Institute in Dhaka.



**Md Abu Rokan**

Manager & Head of Information & Technology Department



Mr Md Abu Rokan, Head of Information and Technology Department, joined Prime Insurance Company Limited in 2008. He is qualified Microsoft Certified Technical Specialist (MCTS) and Oracle Certified Programmer (OCP). Prior to his joining this Company, he served in WARID Telecom and Bangladesh Airways under different capacities. He possesses versatile knowledge in the areas of Networking, Online System, VB.net programming with Sql server, Oracle programming with Mysql, Mail Server, Web Server, Database Server, Application Server, File Server, Print Server, etc.

**Mahmuda Akter**

Manager & Head of Business Development Cell

Ms Mahmuda Akter joined Prime Insurance Company Ltd in 2009 as a Manager of Business Development Cell. She is working here for last two years with honor and dedication as In-Charge of the Department. She has completed her MBA from the University of Development Alternative (UODA) with major in Human Resource Management.





## Executives

### Managing Director

Md Ezhar Hossain

### Additional Managing Director

Mohammodi Khanam

### Deputy Managing Director

Bayazid Muztaba Siddiqui  
Basu Dev Chakrabarty

### Asst Managing Director

Syed Monirul Huq

### Sr Executive Vice President

Mohammed Masoom

### Executive Vice President

Sujit Kumar Bhowmik  
Abdul Hai Sarder  
Gouranga Chandra Misra

### Sr Vice President

Md Mijanur Rahman  
Mohammed Monirul Alam  
Md Delwar Hossain  
M A Sattar Howlader  
Mainul Islam Chowdhury

### Vice President

Md Abdul Halim Khan  
A A M Zahed Nizam

### Sr Assistant Vice President

Kamal Pasha  
Md Lokman Hossain  
Uttam Kumar Bhowmik  
S M Mizanur Rahman  
Monobrata Roy  
Mozammel Hossain  
Mahbubur Rahman  
Fazal Mahmud

### Assistant Vice President

Anamul Gani Chowdhury  
Md Abdul Halim  
Md Shahjahan Farhad  
Gobinda Chandra Saha  
Zahir Uddin Babar  
Faruque Ahmed Sarker  
Uttam Kumar Saha  
A M Raihan Uddin Khan  
A Z M Rezwanul Haque  
Shamima Nasrin  
Rouksana Malake  
Zaheda Khatun

## Chairman's Statement



### Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to welcome you all at the 15<sup>th</sup> Annual General Meeting of the Company. I would like to express my felicitation and profound gratitude to all of you for believing in us and providing us with continuous support. It is a matter of immense pleasure to let you know that we have completed another successful and memorable year and now presenting the Annual Report for the year ended on December 31, 2010.

The company has reached a new height in the previous year. We have enjoyed "Celebrating 15 years" in a grand manner. Furthermore, our company has been rated as an A- Company by CRISL in 2010.

During the Financial Year 2009-2010 the company has raised its Authorized Capital up to BDT 1 Billion. We earned a gross premium of BDT 200,103,498. Our net profit after tax is BDT 83,238,964. Furthermore, we invested BDT 403,244,557 including investment in increase of shares of BDT 81,674,324. In addition, we have reopened our RAJUK Branch in the month of March, 2011.

The Company is eager to fulfill its vision to be one of the top insurers in the country. It is a matter of great satisfaction, that the company has been able to match the market demand and has offered its clients with faster service. Being online is also one of our steps to provide faster service to our clients.

Our motto for the year of 2011 is to provide our clients with 'efficiency, quality and service'. We focus to enlarge our small branches and plan to open new ones to meet up client's demand. By adopting the Corporate Governance Guideline, we look forward to being one of a kind in the Insurance Market in Bangladesh.

I, on behalf of the Board of Director as well as the Employees of Prime Insurance Company Limited, take hold of this opportunity to thank Almighty Allah for his blessings and pray to Him to favor us with a lot of luck as well as opportunities in the days ahead.

With best regards

**Ferdous Amin**



## Directors' Report

Dear All

Assalam- O- Alaikum

It is a great pleasure and a privilege for me to welcome you all at the 15<sup>th</sup> Annual General Meeting on behalf of Board of the Directors of Prime Insurance Company Limited. At the very beginning, I would like to express our heartiest gratitude for your continuous support, cooperation and trust placed on us.

It is also a matter of immense pleasure to have the opportunity to present the Financial Report of the company for the year ended December 31, 2010 along with Auditors' Report. This report will provide you with an overview of global economy as well as the position of general insurance in Bangladesh.

### Global Economy

It is almost a decade since we entered into the 21<sup>st</sup> Century. Economic growth in these years was not so impressive for the western countries. It proves to be one of the worst economic eras for them. Indeed, the so-called fastest growing economies (such as India, Brazil, China,

Mexico, Russia, and Indonesia) have seen an unprecedented economic expansion because, the eastern economies were the producers and the western economies were the consumer and the same trend would likely to continue as the companies, nowadays, are more conscious about the cost. Rising input cost (or raw material) are forcing the corporations in the industrialized economies to shift their focus on the cost-effective region to keep up the pricing competitiveness in the specific industry, they are in. Change in consumer trend is also major concern for the companies to invest more in the process of innovation, research and development (R&D).

As the economic pace is picking up, global commodity prices have staged a comeback from lows and global trade has also seen a decent growth over the last two years. Unprecedented Government intervention and exceptionally high interest rate cuts by the central bank in advanced and emerging economies have contributed a lot to pull the global economy up from the deepest recession since the World War II. Several

Governments around the world launched the stimulus packages to prop up the economic growth, generate employment opportunities and the overall economic growth with the aim to reduce uncertainty in the economy and increased confidence.

### **Position of General Insurance in Bangladesh**

In Bangladesh, the Insurance business, after much adventure and experimentation, is now being established as an emerging industry distributed between the public and private sectors. Though Insurance business evolved in the Indian subcontinent late in 19<sup>th</sup> century, from Bangladesh perspective it was not a promising sector in its early age.

The privatization policy adopted in the 1980s paved the way for a number of insurers to emerge in the private sector. This resulted in a substantial growth of premium incomes, competition, improvement in services, and introduction of newer types of business in wider fields hitherto untapped.

Up to 2000, the government has given permission to 24 general insurance companies and 10 life insurance companies in the private sector. Insurers of the country now conduct almost all types of general and life insurance, except public sector business and export credit guarantee insurance, which are available only with the Shadharan Bima Corporation. Numerous institutions, associations and professional groups work to promote the development of insurance business in Bangladesh.

A total of 60 insurance companies are operating in Bangladesh till date. Of these companies, 57 are private, two

state-owned and one is foreign. Insurance Development Authority, under the Ministry of Finance, is the Regulatory Body of the country's insurance sector. At present, there are 44 general insurance companies running in Bangladesh.

### **Our Business**

The journey of Prime Insurance Company Limited was set about on March 31, 1996 and since then we have continuously contributed a significant amount towards the national exchequer. And the ceaseless endeavor by each of the members of the company has made this possible.

Our strategic objective is to be one of the top institutions in terms of product and service, cost efficiency, market share, corporate governance and so on. We maximize insurance coverage at a minimum cost and provide our clients with professional and expert services.

Moreover, we have raised our authorized capital up to 1 billion last year in order to accelerate our business. We are confident that as an efficient and committed team we will make the best use of our strategy and maintain the highest standards of quality in all areas of our work so that we can uphold our status as one of the market leaders in the insurance industry. To meet the terms of success what we need is the incessant support of our valued Shareholders, Stakeholders, Sponsors, Regulatory Bodies and most of all our Clients.

### **Business Review**

In the year ended on December 31, 2010 the amount gross premium income has increased 13.03% in 2010. In this year the company has earned Gross premium 23.31% more from Marine Insurance,



20.95% more from Fire Insurance, 8.95% more from Motor Insurance, and -18.79% less from Miscellaneous Insurance in respect of 2009. A synopsis of the operating results for the said year is publicized below:

## Operating Results

### Investment

The Company invested a total amount of Tk 403,244,557 during the year 2010 including investment in increase of shares of Tk 81,674,324 which is 53.47% higher than that of the year 2009.

### Gross Premium Income

The company earned a gross premium of Tk 200,103,498 while it was Tk 177,042,450 in 2009

### Fire Insurance Premium

Fire Insurance premium earned in 2010 was Tk 54,886,703 while it was Tk 45,378,149 in 2009

### Marine Insurance Premium

Marine Insurance premium earned in 2010 was Tk 93,678,458 while it was Tk 75,972,187 in 2009

### Motor Insurance Premium

Motor Insurance premium earned in 2010 was Tk 24,791,981 while it was Tk 22,756,072 in 2009

### Miscellaneous Insurance Premium

Miscellaneous Insurance premium earned in 2010 was Tk 26,746,356 while it was Tk 32,936,042 in 2009

### Investment Income

The company earned, from Stock Market: Tk 92,348,678 (including Reserve) and from FDR Interest Tk 21,703,833, in total Tk114,052,511 while it was Tk 55,892,035 in 2009.

### Profit

The company earned a net profit before tax Tk 92,738,964 in 2010 while it was Tk 55,704,008 in 2009 And the net profit after tax is Tk 83,238,964 in 2010 while it was Tk 49,204,008 in 2009

### Earning Per Share

	2010	2009
After Tax	4.04	28.68
After Tax and reserved for Unexceptional Loss	3.54	21.27

### Claims

The company settled net claims of Tk 36,263,077 on account of Fire, Marine, Motor and Miscellaneous Business.

### Reserve and Assets

The total assets of the company increased by Tk 95,444,065 and reserve for exceptional losses arrived at Tk 53,494,139.

### Compliance Status

Status of Compliance with the conditions imposed by the Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is attached in Annexure- I-IV

### Composition of Board

The Board of Directors is composed of 19 members. In the Board there are 12 Sponsor Directors, 6 Public Directors and 1 Independent Director. In the year ended on December 31, 2010 the Board of Directors held 16 Board Meetings.

The Board of Directors is supported by the following two committees

- Executive Committee
- Audit Committee

### **Executive Committee**

The Executive Committee comprises of 9 Board Members. The Executive Committee ensures implementation of policies, approves claims and other business proposals as per the approved policy of the Board to run the Company effectively and efficiently. In the year ended on December 31, 2010 the Executive Committee held 12 meetings.

### **Audit Committee**

The Audit Committee comprises of 3 Board Members. The Committee is empowered to examine any matter relating to financial affairs of the Company and to review all audit programs, internal control systems and procedures, etc. The Audit Committee takes initiatives to keep the Company away from any probable disaster. In the year ended on December 31, 2010 the Audit Committee held 9 meetings.

### **Management**

The day to day affairs of the Company are being managed by an efficient Management Team. The Management Team of the Company is led by the Managing Director, Mr Md Ezhzr Hossain. He has in his credit more than 43 years of experience in Insurance arena. The overall functions of the Company are being carried out by 10 Departments which are:

- Board Affairs
- Corporate Affairs & Administration
- Finance & Accounts
- Audit & Internal Control
- Branch Control
- Claims
- Re-Insurance
- Information and Technology
- Business Development Cell
- Share & Investment

Heads of the departments are well experienced and have dedication for the service towards the Business Partners as

well as the Customers. During the crucial moment, they work collectively as a strong team.

Prime Insurance is fully committed to developing human resources as a crucial part of the company's ongoing development. Because we believe that no expansion can be sustained without a motivated and a professional commitment. In 2010 we have conducted continuous skill developing training programs to make the employees more efficient. Besides, several Management Committees are also working to handle the Company's operation and identifying the Management's risk.

### **Credit Rating Report**

The Company has been rated as an A-Graded Company by the Credit Rating Information and Services Ltd on the basis of Financial Statements for the year 2009.

### **Corporate Governance**

To ensure the utmost use of corporate governance guideline, Prime Insurance has taken necessary steps to adopt corporate governance properly.

According to corporate governance we conduct ethical business. We render faster service to our clients. We are always transparent to our Stakeholders as well as Shareholders.

Corporate governance is adopted by us not only in business issue but also in conducting our corporate affairs. To establish our company with excellent corporate governance we strengthened ourselves by empowering the following committees :

- Board of Directors
- Executive Committee
- Audit Committee

### Dividend

The Board of Directors recommended 30% stock dividend for the year ended on December 31, 2010 subject to the approval by the shareholders as a against 20% declared last year.

### Branch Opening

In order to achieve the company's charted vision Prime Insurance has reopened its RAJUK Branch recently.

### Appointment of External Auditors

The auditors M/s M M Rahman & Co are to retire as enternal Auditors of the company. They have offered themselves for reappointment. The recommendation is to be placed in the 15<sup>th</sup> Annual General Meeting.

### Retirement of Directors

In terms of the Articles of Association, the following Directors are to be retired in the 15<sup>th</sup> Annual General Meeting:

1. Dr Fatema Raushan Jahan
2. Md Zakiullah Shahid
3. Nilufar Hossain
4. Mafiz Ahmed Bhuiyan
5. Abu Hasan Khan
6. Hasina Khan
7. Md Ahsan Kabir Khan
8. Dil Ara Begum

The relevent notice relation to election of Directors from Public Shareholding was published in the national dailies. Abu Hasan Khan, Md Shahadat Hossain and Mohammed Hasan Shareholders have applied to be Directors of the company and they will be elected in this Annual General Meeting.

### Chartered Vision for 2011

Our charted vision is to be a leading insurer by maintaining the highest standards of service in all areas of our work in order to

uphold our status as one of the market leaders in the insurance industry of Bangladesh. And to achieve our vision we have been working hard and will take the following steps to make it happen:

- Enlargement of the branch offices
- Providing Customers with fastest service
- Promoting innovative products
- Recruitment of young and qualified employees

The Board of Directors and the Management of the company in line with the vision, would like to see the Company in a matter of couple of years as strong, sound and integrated service providing one to all its clients all over.


### Vote of Thanks

On behalf of the Board members I would like to express my deep gratitude to your respected valued Shareholders, Stakeholders, Regulatory Bodies, Clients and Well-Wishers for their continuous support and guidance for excellence.

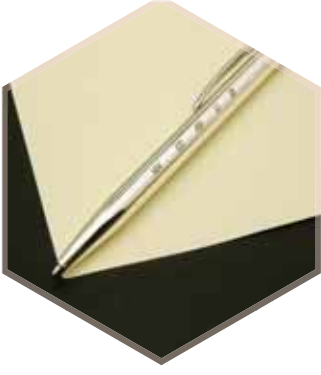
Before I conclude, I thank all my colleagues in the Board of Directors for their consistent direction, support and leadership. All members of the Management Team and all staffs deserve our heartfelt appreciation for their dedication and hard work for achieving such a commendable result in the year of 2010.

May Allah bless us all.

On behalf of the Board of Directors-



**Ferdous Amin**  
Chairman



## পরিচালকমন্ডলীর প্রতিবেদন

আসসালাম ও আলাইকুম

আমি, প্রাইম ইস্যুরেন্স কোম্পানি লিমিটেডের পরিচালনা পর্ষদের পক্ষ থেকে অভ্যন্তরীণ আনন্দের সাথে কোম্পানির ১৫তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাচ্ছি। শুরুতেই, আমাদেরকে সমর্থন, সহযোগিতা এবং আমাদের ওপর আস্থা বজায় রাখার জন্য আমি আপনাদের কাছে কৃতজ্ঞতা প্রকাশ করছি।

আমি সানন্দে কোম্পানির ২০১০ সালের ৩১ ডিসেম্বর তারিখে সমাপ্ত বছরের নিরীক্ষিত হিসাব সহ আর্থিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি। এই রিপোর্ট বিশ্ব অর্থনীতি এবং সেই সাথে বাংলাদেশে সাধারণ বীমার অবস্থান সম্পর্কে একটি সামগ্রিক চিত্র তুলে ধরবে।

### বিশ্ব অর্থনীতি

প্রায় এক দশক হতে চলেছে আমরা একবিংশ শতাব্দীতে প্রবেশ করেছি। এই সমস্ত বছরগুলোতে পশ্চিমা দেশসমূহের অর্থনৈতিক প্রবৃদ্ধি তেমন উল্লেখযোগ্য ছিল না। তাদের জন্য এটি সবচেয়ে খারাপ অর্থনৈতিক যুগ প্রমাণিত হয়েছে। আসলে, তথাকথিত দ্রুত উন্নয়নশীল অর্থনীতিসমূহের (যেমন ভারত, ব্রজিল, চীন, মেক্সিকো, রাশিয়া এবং ইন্দোনেশিয়া) অপ্রত্যাশিত অর্থনৈতিক প্রবৃদ্ধি হয়েছে কারণ পূর্বের অর্থনীতিসমূহ ছিল উৎপাদক আর পশ্চিমা অর্থনীতিসমূহ ছিল ব্যবহারকারী এবং এই একই ধারা বজায় থাকার সম্ভাবনা রয়েছে কারণ আজকাল কোম্পানিসমূহ ব্যয় নিয়ে বেশী সতর্ক। কাঁচামালের মূল্যের উর্ধ্বগতি শিল্পোন্নত অর্থনীতির প্রতিষ্ঠানসমূহকে বাধ্য করছে ব্যয়-

সংকোচন অঞ্চলে নজর দিতে যাতে তারা যে নির্দিষ্ট শিল্পে আছে তাতে মূল্য প্রতিযোগিতায় টিকে থাকতে পারে। ব্যবহারকারীর পরিবর্তিত ধরণ অনুযায়ী উদ্ভাবন, গবেষণা ও উন্নয়নে এ প্রতিষ্ঠানসমূহ বেশী ব্যয় করছে।

অর্থনৈতিক গতি বৃদ্ধির সাথে সাথে, বিশ্বে দ্রব্যমূল্যেরও উন্নতি হয়েছে এবং ভৌগোলিক লেনদেনও বিগত দুই বছরে বেশ প্রবৃদ্ধি পেয়েছে। উন্নত এবং উন্নয়নশীল অর্থনীতিসমূহে অপ্রত্যাশিত সরকারী হস্তক্ষেপ ও কেন্দ্রীয় ব্যাংকের দ্বারা সুদের হারের অস্বাভাবিক সংকোচন বিশ্ব অর্থনীতিকে দ্বিতীয় বিশ্বযুদ্ধের পর সবচেয়ে বড় অর্থনৈতিক মন্দা থেকে টেনে তুলতে ব্যাপক ভাবে সহযোগিতা করেছে। অর্থনীতিতে অনিশ্চয়তা কমিয়ে আনতে এবং আস্থা বাড়াতে সারা বিশ্বে বিভিন্ন সরকার বিভিন্ন প্রোগ্রামসহিত পরিকল্পনা চালু করেছে যার লক্ষ্য অর্থনৈতিক প্রবৃদ্ধি, কর্মক্ষেত্র তৈরী সর্বোপরি সামগ্রিক অর্থনৈতিক প্রবৃদ্ধি।

### বাংলাদেশে সাধারণ বীমার অবস্থান

সরকারি ও বেসরকারি ক্ষেত্রে বিভক্ত বাংলাদেশের বীমা শিল্প বেশ কিছু চড়াই-উৎরাই পেরিয়ে এবং পরীক্ষা নিরীক্ষার পর উদীয়মান শিল্প হিসাবে প্রতিষ্ঠা লাভ করেছে। যদিও ভারতীয় উপমহাদেশে নব্বই দশকের শেষ দিকে বীমা ব্যবসার প্রসার ঘটেছিল, বাংলাদেশের পরিপ্রেক্ষিতে শুরুর দিকে এটি সম্ভাবনাময় ক্ষেত্র ছিল না।

১৯৮০ সালে বেসরকারিকরণ নীতি গ্রহণের পর একাধিক বীমাকারীর আবির্ভাব ঘটে বেসরকারি ক্ষেত্রে। এর ফলে প্রিমিয়াম আয়ে উল্লেখযোগ্য প্রবৃদ্ধি, প্রতিযোগিতা, সেবার মান উন্নয়ন, এবং নতুন ধরণের ব্যবসার আবির্ভাব হয়েছে।

২০০০ সাল পর্যন্ত, বেসরকারি ক্ষেত্রে সরকার ২৪টি সাধারণ বীমা এবং ১০টি জীবন বীমাকে অনুমতি দিয়েছে। সরকারি ক্ষেত্রের ব্যবসা এবং রপ্তানি আমানত অঙ্গীকার (export credit guarantee) বীমা শুধু সাধারণ বীমা করপোরেশন করে থাকে। উপরিলিখিত বীমা সমূহ ব্যতীত দেশের বীমাকারি প্রতিষ্ঠানসমূহ প্রায় সব ধরনের সাধারণ এবং জীবন বীমা করে থাকে। একাধিক প্রতিষ্ঠান, পরিষদ এবং পেশাদারি গোষ্ঠি বাংলাদেশের বীমা ব্যবসার উন্নয়নে কাজ করে যাচ্ছে।

এখন পর্যন্ত সর্বমোট ৬০টি বীমা প্রতিষ্ঠান কাজ করছে বাংলাদেশে। এর মধ্যে, ৫৭টি বেসরকারি, ২টি রাষ্ট্রীয় মালিকানাধীন এবং একটি বৈদেশিক। অর্থমন্ত্রণালয়ের অধীনে বীমা উন্নয়ন কর্তৃপক্ষ দেশের বীমা ক্ষেত্রের রেগুলেটরী বডি। বর্তমানে বাংলাদেশে ৪৪টি সাধারণ বীমা প্রতিষ্ঠান রয়েছে।

#### আমাদের ব্যবসা

প্রাইম ইন্স্যুরেন্স কোম্পানি লিমিটেডের যাত্রা শুরু হয়েছে ৩১ মার্চ ১৯৯৬ সাল থেকে এবং তখন থেকে আমরা নিরলসভাবে জাতীয় রাজস্ব উল্লেখযোগ্য অবদান রেখে আসছি। এবং প্রতিষ্ঠানের প্রতিটি কর্মচারীর প্রচেষ্টার ফলে এটি সম্ভব হয়েছে।

আমাদের কৌশলগত লক্ষ্য হচ্ছে পণ্য ও সেবা, মূল্য সংকোচন, বাজার অংশীদারিত্ব, কর্পোরেট ব্যবস্থাপনা ইত্যাদি ক্ষেত্রে অন্যতম প্রধান শীর্ষ প্রতিষ্ঠান হওয়া। আমরা সর্বনিম্ন মূল্যে সর্বোচ্চ বীমা সুবিধা এবং গ্রাহকদের পেশাদারী ও সর্বোচ্চ মানের সেবা দিয়ে থাকি।

এছাড়াও, আমাদের ব্যবসার গতি বৃদ্ধির লক্ষ্যে গত বছর আমরা আমাদের অনুমোদিত মূলধন বাড়িয়ে ১০০ কোটি করেছি। আমরা আত্মবিশ্বাসী যে একটি দক্ষ এবং নিবেদিত দল হিসাবে আমরা আমাদের কৌশলের সর্বোচ্চ ব্যবহার করব এবং সকল কর্মক্ষেত্রে সর্বোচ্চ মান অক্ষুণ্ন রাখব যাতে করে বীমা শিল্পে বাজারের অন্যতম নেতৃত্বাধীন প্রতিষ্ঠান হিসেবে আমরা আমাদের অবস্থান বজায় রাখতে পারি। উন্নয়নের জন্য আমাদের প্রয়োজন অংশীদার, পরিবেশক রেগুলেটরী বডি এবং সর্বোপরি আমাদের গ্রাহকদের সমর্থন।

#### ব্যবসায়িক পর্যালোচনা

৩১ ডিসেম্বর ২০১০ বছর সমাপ্তিতে, ২০১০ সালে মোট প্রিমিয়াম আয় বেড়েছে ১৩.০৩%। ২০০৯ সালের

পরিপ্রেক্ষিতে এ বছর প্রতিষ্ঠান নৌ বীমা থেকে ২৩.৩১% বেশি, অগ্নিবীমা থেকে ২০.৯৫% বেশি, মোটর বীমা থেকে ৮.৯৫% বেশি এবং বিবিধ বীমা থেকে -১৮.৭৯% কম প্রিমিয়াম আয় করেছে। উল্লেখ্য বছরের ব্যবসায়িক ফলাফলের একটি সারসংক্ষেপ নিম্নে দেওয়া হল :

#### কোম্পানীর ব্যবসায়িক ফলাফল

##### বিনিয়োগ

২০১০ সালে বিনিয়োগ খাতে কোম্পানীর লগ্নিকৃত অর্থ মোট টাঃ ৪০৩.২৪৪ মিলিয়ন, তন্মধ্যে শেয়ার লেনদেনে আয় হয়েছে টাঃ ৮১.৬৭ মিলিয়ন যা বিগত বছরের চেয়ে ৫৩.৪৭% বেশী।

##### মোট প্রিমিয়াম আয়

এ বছর মোট প্রিমিয়াম আয় হয়েছে টাঃ ২০০.১০ মিলিয়ন যা ২০০৯ সালে ছিল টাঃ ১৭৭.০৪ মিলিয়ন।

- ক) অগ্নিবীমাঃ ২০১০ সালের প্রিমিয়াম আয় টাঃ ৫৪.৮৯ মিলিয়ন যা ২০০৯ সালে ছিল টাঃ ৪৫.৩৮ মিলিয়ন।
- খ) নৌ-বীমাঃ ২০১০ সালের প্রিমিয়াম আয় টাঃ ৯৩.৬৮ মিলিয়ন যা ২০০৯ সালে ছিল টাঃ ৭৫.৯৭ মিলিয়ন।
- গ) মটর বীমাঃ ২০১০ সালের প্রিমিয়াম আয় টাঃ ২৪.৭৯ মিলিয়ন যা ২০০৯ সালে ছিল টাঃ ২২.৭৬ মিলিয়ন।
- ঘ) বিবিধ বীমাঃ ২০১০ সালের প্রিমিয়াম আয় টাঃ ২৬.৭৪ মিলিয়ন যা ২০০৯ সালে ছিল টাঃ ৩২.৯৪ মিলিয়ন।

##### বিনিয়োগকৃত আয়

২০১০ সালে বিনিয়োগ থেকে আয় হয়েছে মোট টাঃ ১১৪.০৫ মিলিয়ন (স্টক মার্কেট টাঃ ৯২.৩৫ মিলিয়ন ও স্থায়ী আমানত টাঃ ২১.৭০ মিলিয়ন) যা ২০০৯ সালে ছিল টাঃ ৫৫.৮৯ মিলিয়ন।

##### মুনাফা

কোম্পানী ২০১০ সালে করপূর্ব নীট মুনাফা টাঃ ৯২.৭৪ মিলিয়ন যা ২০০৯ সালে ছিল ৫৫.৭০ মিলিয়ন এবং ২০১০ সালের কর পরবর্তী মুনাফা টাঃ ৮৩.২৪ মিলিয়ন যা ২০০৯ সালে ছিল ৪৯.২৪ মিলিয়ন।

##### শেয়ার প্রতি আয়

	২০১০	২০০৯
কর পরবর্তী :	টাঃ ৪.০৪	টাঃ ২৮.৬৮
কর পরবর্তী এবং		
অপ্রত্যাশিত রিজার্ভ এর পর :	টাঃ ৩.৫৪	টাঃ ২১.২৭

### বীমা দাবী

কোম্পানী ২০১০ সালে অগ্নি, নৌ, মটর এবং বিবিধ বীমা ব্যবসার বিপরীতে দাবী নিষ্পত্তি করেছে সর্বমোট টাঃ ৩৬.২৬ মিলিয়ন।

### সঞ্চয় ও সম্পদ

এ বছরে মোট সম্পদের পরিমাণ বৃদ্ধি পেয়েছে টাঃ ৯৫.৪৪ মিলিয়ন এবং অপ্রত্যাশিত ক্ষতির জন্য রিজার্ভের পরিমাণ টাঃ ৫৩.৪৯ মিলিয়ন।

### সম্মত বিধি প্রতিপালন

কর্পোরেট গভার্নেন্স সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের প্রজ্ঞাপন তাং ২০শে ফেব্রুয়ারী ২০০৬ এ উল্লেখিত শর্তাবলী পালন করা হলো যা Annexure I-IV -এ প্রদত্ত।

### পরিচালনা পর্ষদ গঠন

পরিচালনা পর্ষদের সদস্য সংখ্যা ১৯ (উনিশ)। পরিচালনা পর্ষদ ১২ জন স্পন্সর ডাইরেক্টর, ৬ জন পাবলিক ডাইরেক্টর এবং ১ জন স্বতন্ত্র ডাইরেক্টর দ্বারা গঠিত। ২০১০ সালে পরিচালনা পর্ষদের ১৬টি সভা অনুষ্ঠিত হয়েছে। পরিচালনা পর্ষদের ২ (দুটি) সহায়ক কমিটি হলোঃ

- ক) কার্যনির্বাহী কমিটি
- খ) অডিট কমিটি

### কার্যনির্বাহী কমিটি

পরিচালনা পর্ষদের ৯ (নয়) জন সদস্যের সমন্বয়ে কার্যনির্বাহী কমিটি গঠিত। নির্বাহী কমিটি বোর্ডের অনুসৃত নীতি বাস্তবায়ন এবং বীমা দাবী ও অন্যান্য প্রস্তাব বিবেচনা এবং অনুমোদনের ব্যবস্থা গ্রহণ করে থাকে। ২০১০ সালে কার্যনির্বাহী কমিটির ১২টি সভা অনুষ্ঠিত হয়েছে।

### অডিট কমিটি

অডিট কমিটি পরিচালনা পর্ষদের একজন নিরপেক্ষ পরিচালক সহ ৩ (তিন) জন সদস্য নিয়ে গঠিত। এ কমিটি কোম্পানীর আর্থিক বিষয়াদি পরীক্ষা-নিরীক্ষা করার জন্য ক্ষমতা প্রাপ্ত। কমিটি কোম্পানীর সমস্যা এবং অপ্রত্যাশিত ঘটনা প্রতিরোধে প্রয়োজনীয় পদক্ষেপ গ্রহণ করে থাকে। ২০১০ সালে অডিট কমিটির ৯টি সভা অনুষ্ঠিত হয়েছে।

### ব্যবস্থাপনা :

কোম্পানীর দৈনন্দিন কার্যকলাপ পরিচালিত হচ্ছে একটি দক্ষ ব্যবস্থাপনা কমিটি দ্বারা— যার নেতৃত্বে আছেন ব্যবস্থাপনা পরিচালক মোহাম্মদ এজাহার হোসেন, তিনি সুদীর্ঘ ৪৩ বছর ধরে ইন্স্যুরেন্স শিল্পের সাথে জড়িত আছেন। কোম্পানির সকল কার্যক্রম ১০টি বিভাগ দ্বারা পরিচালিত হচ্ছে। এগুলো হল:

- বোর্ড এফেয়ার্স
- কর্পোরেট এফেয়ার্স এবং প্রশাসন
- ফিন্যান্স ও একাউন্টস
- অডিট ও ইন্টারনাল কন্ট্রোল
- শাখা নিয়ন্ত্রন
- দাবী
- পুনঃ বীমা
- তথ্য ও প্রযুক্তি
- বিজনেস ডেভেলপমেন্ট
- শেয়ার ও বিনিয়োগ

সকল বিভাগীয় প্রধানগন অত্যন্ত দক্ষ এবং গ্রাহক ও ব্যবসায়িক অংশিদারীদের প্রতি দায়িত্ব পালনে একনিষ্ঠ। যে কোন ঝুঁকি এড়াতে তারা সমষ্টিগত ভাবে শক্ত একটি দল হিসেবে কাজ করে থাকে।

কোম্পানির চলমান সাফল্য ধরে রাখতে প্রাইম ইন্স্যুরেন্স বন্ধ পরিকর। আমরা বিশ্বাস করি যে পেশাদারি ও কর্মদীপ্ত মনোভাব ছাড়া কোন ব্যবসায়িক সাফল্যই দীর্ঘস্থায়ী হয় না। ২০১০ সালে আমরা আমাদের কর্মীদের দক্ষ করে গড়ে তোলার জন্য বিভিন্ন ট্রেনিং প্রোগ্রামের আয়োজন করেছি। এছাড়াও বিভিন্ন ব্যবস্থাপনা দল কোম্পানীর ব্যবসা ও ঝুঁকি পর্যবেক্ষনে নিরলস ভাবে কাজ করে যাচ্ছে।

### ক্রেডিট রেটিং রিপোর্ট

২০০৯ সালের কোম্পানী কার্যক্রমের নিরিখে ক্রেডিট রেটিং ইনফরমেশন ও সার্ভিসেস লিমিটেড অনুযায়ী আমাদের কোম্পানীর রেটিং A- মর্যাদায় ভূষিত হয়েছে।

### কর্পোরেট গভার্নেন্স

কর্পোরেট গভার্নেন্স গাইডলাইনের পূর্ণ ব্যবহার নিশ্চিত করতে প্রাইম ইন্স্যুরেন্স যথাযথ পদক্ষেপ গ্রহণ করেছে।

কর্পোরেট গভার্নেন্স অনুযায়ী আমরা নৈতিকতার সাথে ব্যবসা করে যাচ্ছি। আমরা আমাদের গ্রাহককে দ্রুততর সেবা প্রদানে সর্বদা তৎপর। শেয়ারহোল্ডার এবং একই সাথে ঝুঁকি গ্রহনকারীদের কাছে আমরা সবসময় সচ্ছ।

গুণু ব্যবসা ক্ষেত্রেই নয় আমাদের আভ্যন্তরীণ কর্মকাণ্ডেও আমরা কর্পোরেট গভার্নেন্স গাইডলাইন মেনে চলি। আমরা নিজেদের একটি সুষ্ঠু কর্পোরেট গভার্নেন্স গাইডলাইন দ্বারা পরিচালিত প্রতিষ্ঠান হিসাবে প্রতিষ্ঠিত করতে নিম্ন লিখিত কমিটি গুলোকে আরো শক্তিশালী করে তুলেছি :

- পরিচালনা পর্ষদ
- অডিট কমিটি
- কার্যনিবাহী কমিটি

#### লভ্যাংশ

পরিচালনা পর্ষদ বার্ষিক সাধারণ সভার অনুমোদন স্বাপেক্ষে ২০১০ সালের জন্য ৩০% ষ্টক ডিভিডেন্ড প্রদান করার জন্য সুপারিশ করেছেন। উল্লেখ্য ২০০৯ সালে কোম্পানী ২০% ষ্টক ডিভিডেন্ড প্রদান করেছিল।

#### শাখা উদ্বোধন

কোম্পানির পরিচালিত লক্ষ্য অর্জনে প্রাইম ইন্স্যুরেন্স তাদের রাজউক শাখাটি পুনরায় চালু করেছে।

#### নিরীক্ষক নিয়োগ

বর্তমান হিসাব নিরীক্ষক মেসার্স এম এম রহমান এন্ড কোং চার্টার্ড একাউন্টেন্টের নিয়োগ অত্র সাধারণ সভার দিন মেয়াদ উত্তীর্ণ হবে এবং পুণঃ নিয়োগযোগ্য বিধায় ২০১১ সালে কোম্পানীর হিসাব নিরীক্ষক হিসাবে পুণঃ নিয়োগের জন্য তারা আগ্রহ প্রকাশ করেছে।

#### পরিচালকবৃন্দের অবসর

কোম্পানীর আর্টিকেলস অব এসোসিয়েশন অনুযায়ী নিম্নলিখিত পরিচালকগণ ১৫তম বার্ষিক সাধারণ সভার দিন অবসর গ্রহণ করবেন।

- ১। ডাঃ ফাতেমা রওশন জাহান
- ২। জাকিউল্লাহ শহীদ
- ৩। নিলুফার হোসেন
- ৪। মফিজ আহমেদ ভূঁইয়া
- ৫। আবু হাসান খান
- ৬। হাসিনা খান
- ৭। আহসান কবির খান
- ৮। দিল আরা বেগম

এখানে উল্লেখ্য যে, পাবলিক শেয়ারহোল্ডিং থেকে পরিচালক নির্বাচন করার নিমিত্তে জাতীয় দৈনিকে মনোনয়ন আহবান করে বিজ্ঞপ্তি জারি করা হয়েছে। আবু হাসান খান, মোঃ শাহাদাত হোসেন এবং মোহাম্মেদ হাসান পরিচালক হওয়ার জন্য আবেদন করেছেন এবং তারা সাধারণ সভায় নির্বাচিত হবেন।

#### ২০১১ এর পরিকল্পিত লক্ষ্য :

সর্বোচ্চ সেবা দানের মাধ্যমে বাংলাদেশের সর্বভোম ইন্স্যুরেন্স কোম্পানিগুলোর মধ্যে অন্যতম হিসেবে নিজেদের গড়ে তোলাই আমাদের লক্ষ্য। আমাদের এই লক্ষ্য অর্জনে আমরা কঠোর পরিশ্রম করে যাচ্ছি। নিম্নলিখিত পদক্ষেপ গুলো আমাদের এই প্রয়াস আরো ত্বরান্বিত করবে :

- ১। শাখা অফিস গুলোকে বৃহত্তর করা
- ২। গ্রহকদের দ্রুততম সেবা দান
- ৩। নতুন পন্য উদ্ভাবন
- ৪। তরুণ ও দক্ষ কর্মী নিয়োগ

কোম্পানির পরিচালনা পর্ষদ ও ব্যবস্থাপনা কমিটি পরিকল্পিত লক্ষ্য বাস্তবায়ন হিসেবে সল্প সময়ের মধ্যে নিজেদের শক্তিশালী, সুষ্ঠু ও নিরলস সেবাদানকারী প্রতিষ্ঠান হিসেবে দেখতে বদ্ধপরিকর।

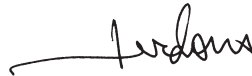
#### কৃতজ্ঞতা স্বীকার

আমি আমার পরিচালনা পর্ষদের পক্ষ থেকে সকল শেয়ার হোল্ডার, ঝুঁকি গ্রহনকারী, রেগুলেটরী বডি, অডিটর, গ্রাহক ও শুভানুধ্যায়ীদের প্রতি গভীর কৃতজ্ঞতা জ্ঞাপন করছি।

পরিশেষে আমি ধন্যবাদ জানাই আমার পরিচালনা পর্ষদের সকল সহকর্মীদের তাদের নিরবিচ্ছিন্ন দিকনির্দেশনা সহায়তা ও নেতৃত্বের জন্য। ব্যবস্থাপনা দল ও সকল কর্মীদের জন্য রইল আন্তরিক ধন্যবাদ যাদের নিরলস শ্রম ও একাগ্রতা আমাদের ২০১০ সালে সাফল্য অর্জনে প্রধান ভূমিকা রেখেছে।

পরম করনাময় আল্লাহপাক আমাদের সকলের সহায় হন।

পরিচালনা পর্ষদ এর পক্ষে -



ফেরদৌস আমিন  
চেয়ারম্যান

## Annexure-I

### Compliance Report on SEC Notification

Directors' report to the shareholders as per SEC Notification No SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006.

The directors also report that:

- The Financial Statements of the Company present fairly its state of affairs, result of operation, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates were reasonable and prudent.
- The Financial Statements were prepared in accordance with International Auditing Standard (IAS) as applicable in Bangladesh.
- The internal control system is sound in design and effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as an ongoing concern.
- There are no significant deviations from the operating result of the last year.
- Securities & Exchange Commission's Compliance Report is enclosed as Annexure -II.
- The pattern of shareholding is enclosed as Annexure -III.
- The Board of Directors hold 16 meetings. Directors' attendance is given as Annexure-IV.
- Key operating and financial data of last five years have been presented in summarized form.



## Annexure-II

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification no. Sec/cmrrcd/2006-158/ admin/02-08 dated 20 February 2006

Condition No	Title	Compliance Status	Explanation for Non-compliance with the condition
<b>1.0</b>	<b>Size of the Board of Directors</b>		
1.1	Board size	Complied	
1.2 (i)	Independent Directors	Complied	
1.2 (ii)	Appointment of Independent Director by elected Directors	Complied	
1.3	Chairman of the Board and Chief Executive Officer be different person with different roles and responsibilities	Complied	
<b>1.4</b>	<b>The Directors' Report to Shareholders:</b>		
1.4 (a)	Fairness of Financial Statements	Complied	
1.4 (b)	Maintenance of proper books of accounts	Complied	
1.4 (c)	Adoption of appropriate Accounting policies and estimates	Complied	
1.4 (d)	Compliance with International Accounting Standards (IAS)	Complied	
1.4 (e)	Soundness of internal control system	Complied	
1.4 (f)	Ability to continue as a Going Concern	Complied	
1.4 (g)	Significant deviations from last year	Complied	
1.4 (h)	Key operating and financial data	Complied	
1.4 (i)	Declaration of dividend	Complied	
1.4 (j)	Number of Board Meeting held during the year and attendance by each Director	Complied	
1.4 (k)	Shareholding pattern	Complied	
<b>2.0</b>	<b>Appointment of :</b>		
2.1	Company Secretary, CFO, Head of Internal Audit	Complied	
2.2	Attendance of Company Secretary, CFO at Board meeting	Complied	CFO attends as and when required.

## Annexure-II

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification no. Sec/cmrrcd/2006-158/ admin/02-08 dated 20 February 2006

Sl. No.	Title	Compliance Status	Explanation for Non-compliance with the condition
<b>3.0</b>	<b>Audit Committee</b>		
3 (i)	Three members of the Audit Committee	Complied	
3.1 (ii)	Inclusion of Independent Director in the Audit Committee	Complied	
3.2 (i)	Chairman of the Committee	Complied	
3.2 (ii)	Professional qualification of the Chairman of the Audit Committee	Complied	
3.3.1 (i)	Reporting to the Board of Directors	Complied	
3.3.1 (ii)	Any other matter which should be disclosed to the Board of Directors	Complied	
3.4	Reporting of activities to the Shareholders and General Investors	Complied	
<b>4.0</b>	<b>External/Statutory Auditors</b>		
4.00 (i)	Appraisal or valuation services	Complied	
4.00 (ii)	Financial information systems design & implementation	Complied	
4.00 (iii)	Book keeping or other services related to financial statements	Complied	
4.00 (iv)	Broker-dealer services	Complied	
4.00 (v)	Actuarial services	Complied	
4.00 (vi)	Internal Audit services	Complied	
4.00 (vii)	Any other services that the Audit Committee determines	Complied	

## Annexure-III

### Pattern of Shareholding along with name-wise details of : As on 31 December 2010

Sl. No.	Name	Designation	Number of Share Held
a)	Parent/ Subsidiary/ Associated companies and other related parties.		
1.	Ferdous Amin	Chairman	240,000
2.	Md Shah Alam	Vice Chairman	464,640
3.	Nazma Haque	Director	528,000
4.	Md Zakiullah Shahid	Director	528,000
5.	Hasina Khan	Director	528,000
6.	Gole Afroz Banu	Director	528,000
7.	Rahela Hossain	Director	528,000
8.	Dil Ara Begum	Director	480,000
9.	Nilufar Hossain	Director	462,000
10.	Shah M Hasan	Director	366,000
11.	Dr Fatema Raushan Jahan	Director	360,000
12.	Mafiz Ahmed Bhuiyan	Director	330,000
13.	Syed Murad Ullah Ahmed	Director	330,000
14.	Alhaj Abdul Gaffar Dubash	Director	300,800
15.	Mizanur Rahman Mostafa	Director	132,000
16.	GQ Ball Pen Ltd represented by Abu Hasan Khan	Director	120,420
17.	Farhana Chowdhury	Director	60,000
18.	Prime Finance & Investment Ltd represented by Md Ahsan Kabir Khan	Director	26,400
19.	A K M Nozmul Haque	Independent Director	-
20.	Md Ezhar Hossain	Managing Director	-
b)	CEO/CS/CFO/Head of Internal Audit		-
c)	Spouses and minor children		-
d)	Shareholders holding 10% or more voting right		-

## Annexure-IV

### Number of Board Meetings & Audit Meetings and the Attendance of Directors

Name of Directors	Position	Meeting held	Attended
Ferdous Amin	Chairman	16	16
Md Shah Alam	Vice Chairman	16	14
Nazma Haque	Director	16	11
Md Zakiullah Shahid	Director	16	05
Hasina Khan	Director	16	07
Gole Afroz Banu	Director	16	–
Rahela Hossain	Director	16	06
Dil Ara Begum	Director	16	09
Nilufar Hossain	Director	16	–
Shah M Hasan	Director	16	15
Dr Fatema Raushan Jahan	Director	16	14
Mafiz Ahmed Bhuiyan	Director	16	01
Syed Murad Ullah Ahmed	Director	16	–
Alhaj Abdul Gaffar Dubash	Director	16	10
Mizanur Rahman Mostafa	Director	16	16
GQ Ball Pen Ltd represented by Abu Hasan Khan	Director	16	16
Farhana Chowdhury	Director	16	09
Prime Finance & Investment Ltd represented by Md Ahsan Kabir Khan	Director	16	07
A K M Nozmul Haque	Independent Director	16	13

### Audit Committee

Name of Directors	Position	Meeting held	Attended
Shah M Hasan	Chairman	9	9
Abu Hasan Khan	Member	9	9
AKM Nozmul Haque	Member	9	7



## Directors' Certificate

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

1. The value of investment as shown in the Balance Sheet has been taken at the cost.
2. The value of all assets shown in the Balance Sheet has been reviewed as at 31 December 2010 and on our belief, the said assets set forth in the Balance Sheet at amount not exceeding their realizable or market value under the several headings enumerated therein.
3. All expenses of management wherever incurred, whether directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been fully debited in the respective Revenue Accounts as expenses.

**Ferdous Amin**  
Chairman

**Fatema Raushan Jahan**  
Director

**Mizanur Rahman Mostafa**  
Director

**Md. Ezhar Hossain**  
Managing Director



## Report of the Chairman, Audit Committee

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Prime Insurance Company Limited established an Audit Committee as a sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the Financial Statements reflect true and fair view.

### Member of the Audit Committee:

There are in total 3 (three) members in the Audit Committee including 1 (one) Independent Director. Followings are the members of the Audit committee:

- |     |                  |                               |
|-----|------------------|-------------------------------|
| 01. | Shah M Hasan     | Chairman                      |
| 02. | Abu Hasan Khan   | Member                        |
| 03. | AKM Nozmul Haque | Member (Independent Director) |

### Committee Meetings

During the year 2010 the committee held 9 (nine) meetings in which the committee reviewed issues relating Business Operation, Administrative Control, Finance and Accounts, among other things. Head of Internal Audit and Company Secretary are permanent invitees in the meetings. Relevant departmental heads and other members of the management also attend the meetings as required. The proceeding of the committee meetings are regularly reported to the Board of Directors.

### Scopes of the Audit Committee is defined as under:

1. Review the financial and other system and its reporting procedure.
2. Oversee the work of External Auditors, including matter of disagreement between the Management and External Auditors regarding financial reporting.
3. Discuss major issues concerning accounting principles and financial statement presentation.

4. Conduct audit concerning material violation by the management in carrying out operation of the company.
5. Review reports of litigation and regulatory compliance matters.
6. Review internal control and the policies related to liquidity management and capital management.
7. Identify suspected fraud or irregularity in the internal control system.

#### **Activities in 2010**

1. Guided the financial process of the year end closing.
2. Reviewed the Financial and Management Audit Reports of Branches and Head Office and other Statutory report.
3. Examined the financial reporting system.
4. Approved the Audit plan for the year 2011.
5. The committee considered the recommendations made by external and internal auditors of the company in their reports.



**Shah M Hasan**  
Chairman  
Audit committee



## Corporate Governance

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Corporate governance is a broad term that has to do with the manner in which the rights and responsibilities are shared among Owners, Managers and Shareholders of a certain company. In essence, the exact structure of the Corporate Governance will determine what rights, responsibilities, and privileges are extended to each of the corporate participants, and to what degree each participant may enjoy those rights. Generally, the foundation for any system of Corporate Governance will be determined by several factors, all of which help to form the final form of governing the company.

Much of the basis for Corporate Governance is found in the documents that must be prepared and approved before incorporation can take place. These documents help to form the basis for the final expression of the balance of power between Shareholders, Stakeholders, Management, and the Board of Directors.

### Core Principles of Corporate Governance for Insurance Companies

The core principles of Corporate Governance that are suitable for insurance companies are as follows :

- Suitability of Clients
- Internal Controls
- Internal as well as External Audit
- Risk Assessment and Risk Management
- Information, disclosure and transparency towards the market

The Corporate Governance Guideline is complied to establish the Board of Directors, Executive Committee, Audit Committee as well as the Management Committee of the Company.

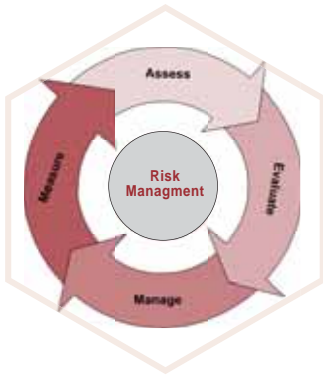
The Board is the focal point of the Corporate Governance system. It is ultimately accountable and responsible for the performance and conduct of the insurer. Delegating authority to committees or



Management does not in any way mitigate or dissipate the discharge by the Board of Directors of its duties and responsibilities. In the case of a policy established by the Board, the Board would need to be satisfied that the policy has been implemented and that compliance has been monitored. Similarly the Board needs to be satisfied that applicable laws and regulations have been complied with. The responsibilities of the Governing Body must be consistent with the rules on governance structure established in the jurisdiction. The Chairman of the Board will ensure that appropriate controls are in place to make certain that Management is sufficiently accountable to the Board of Directors.

It is an essential element of an Internal Audit system that the Board of Directors receives regular reporting on the effectiveness of the Internal Audit. Any identified weakness should be reported to the Board of Directors as soon as possible so appropriate action can be taken.

In conclusion to match the strategic objectives of the company Prime Insurance has taken every possible step to be one of the top institutions in respect of complying Corporate Governance Guideline in the Insurance market of the country.



# Risk Management Report

Risk management is the process of identifying, assessing, mitigating and monitoring all internal and external sources of risk that could have a material impact on an insurer's operations. Therefore, risk management is concerned with the planning, arranging and controlling of activities and resources in order to minimize the impact of uncertain events.

## **Risk Management Policy as Part of Corporate Strategy**

The risk management policy at Prime Insurance is based on our corporate strategy. It is directed at safeguarding the existence of the Company and sustainably increasing its value. To achieve success in business, opportunities must be recognized and associated risks identified and evaluated. We make optimum use of opportunities and consciously take and actively manage business risks insofar as they are expected to deliver an appropriate increase in value.

Risks that lie outside our core processes and capabilities are transferred where required to or reduced by appropriate risk containment measures. Beyond this we avoid risks wherever possible. The Company tries its level best to cover in full any risks taken.

To ensure risk mitigation the risk management policy includes a code of conduct applicable throughout the policies of the Company. For example, conduct towards Clients, Agents and other Business Partners as well as Shareholders and Stakeholders is fair and responsible. The Company's compliance standards are observed and speculative transactions are inadmissible. We carry out regular control measures to check whether these principles are being observed.

## **Internal Audit and Risk Management System**

We define the Internal Audit system as the entire body of coordinated principles, processes and measures applied in the Company to ensure business and controlling objectives are achieved. These include in particular the security and efficiency of business management, the reliability of financial reporting, and compliance with laws and policies. These fundamental aspects of the Internal Audit system apply in particular to the accounting process of the Company. The aim of the Internal Audit system for the accounting process is to implement

controls to adequately ensure that despite any risks the consolidated financial statements comply with requirements. Various integrated and independent supervision measures are in place to help achieve this aim.

Not only in financial aspects but also in measuring the efficiency level of the employees Internal Audit acts as management audit.

### **Utilizing Opportunities and Simultaneously Managing Risks**

In compliance with the requirements of the risk policy principles, the risks we take are balanced by appropriate opportunities, which we systematically identify, evaluate, manage and control. We make the necessary provision to cover risks from strategic decisions.

### **Risk Transfer**

Regular loss analyses are carried out to evaluate the potential risks, and the insurance cover is determined on this basis. To limit the risk of insurer insolvency, we spread the risk over numerous insurers by adopting Reinsurance protection in home and abroad.

### **Financial risks**

Risks in the individual financial risk areas are minimized through an ongoing process of monitoring and intensive controls. Internal and external audits are conducted regularly to check compliance with these standards.

### **Market risk**

Various measures are used to mitigate or eliminate the risk of fluctuations in the fair values or future cash flows from non-derivative or derivative financial instruments due to market changes. These mainly include off-exchange-traded foreign currency forward contracts, interest-rate swaps, interest-rate/foreign currency derivatives and commodity forward contracts with banks and commercial partners. The use of derivative financial instruments is extensively monitored, with checks being carried out on the basis of policies in the framework of regular reporting.

### **Interest rate risk**

To manage Interest Rate risks, regular interest rate risk analysis is prepared, the results of which are used in our risk management system.

### **Catastrophic Loss Risk**

Sudden catastrophes can result in multiple claims arising at a single time. To mitigate this risk we have strong Reinsurance measures with Sadharan Bima Corporation as well as world reputed international reinsuring brokers.

In conclusion, Risk management is an important core business function at Prime Insurance. It is integrally linked to the planning and reporting processes used in controlling and is therefore a significant component of our value-based management system.

Moreover, in a well-established process of web-based communication, all the Branches of the Company can report on the status of their risk situation anytime they want. The risks are evaluated and classified according to probability of occurrence and loss amounts. For each risk, risk management measures are reported and monitored as part of an action control system.



## CSR Activities

Within the world of business, the main “responsibility” for corporations has historically been to make money and increase Shareholder’s value. In other words, corporate financial responsibility has been the sole driving force in those days. However, in the last decade, a movement defining broader corporate responsibilities– for the environment, for local communities, for working conditions, and for ethical practices– has gathered momentum and taken hold and this new movement is known as Corporate Social Responsibility (CSR).

While there is no universal definition of Corporate Social Responsibility, it generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet. “People” constitute the company’s Stakeholders: its Employees, Clients, Business Partners, Investors, the Government, and the Community. Increasingly, Stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as “corporate citizenship,” which essentially means that a company should be a “good neighbor” within its host community.

As the commercial sector increases its contribution in corporate social responsibility in its three usual venues– the workplace, the marketplace, and the community, Prime Insurance has also stepped forward to contribute in CSR activities by choosing its right venue.

### Increase Mass Awareness about Traffic Jam

Being aware of the problems that are caused by traffic jam in our country, Prime Insurance has prepared *Traffic Guide Book* in order to make the pedestrian, vehicle drivers, and transport users aware of the rules and regulations of Traffic as a part of the company’s



CSR activity. On the occasion of 'Celebrating 15 Years' this book was launched by the Honorable Commerce Minister, Mr Muhammad Faruk Khan, MP at Radisson Water Garden Hotel, Dhaka.

On January 12, 2011, Chairman of the Board of Prime Insurance handed over some *Traffic Guide Book* to Mr Benazir Ahmed, Commissioner, Dhaka Metropolitan Police (DMP) in a simple ceremony as a part of company's CSR activities. Upon receipt, DMP Commissioner appreciated the idea of preparing such a book which will help to raise awareness among the vehicle drivers as well as pedestrian. In the ceremony, among others, Mr Md Ezhar Hossain, Managing Director and Company Secretary of Prime Insurance were present.



Furthermore, Mr Ferdous Amin also handed over some *Traffic Guide Book* to Mr Md Ayubur Rahman Khan, Chairman, Bangladesh Road Transport Authority (BRTA) on Sunday, February 13, 2011. Upon receipt, BRTA Chairman encouraged Prime Insurance to expand such CSR activities to lessen road accident rate in Bangladesh. In the ceremony, among others, Mr Md Ezhar Hossain, Managing Director and Mr Tapon Kumar Sarker, Deputy Secretary, BRTA, were present.

### Help the under privileged

In order to help the people living below the poverty line Prime Insurance has taken some fruitful steps. For instance, an amount of Tk 50,000 was donated to Mr Md Alimuzzaman, a meritorious student of BUET for his further study. On that occasion Mr Ferdous Amin, Chairman of Prime Insurance Company Limited, Professor Dr Zoyrul Abedin Chairman of Civil Engineering Department (BUET) along with two Senior Professors of the same department, and top management officials of Prime Insurance Company Limited were present among others.





## Financial Highlights

(Figures in million BDT)

Particulars	2006	2007	2008	2009	2010
Direct Premium	108.10	127.46	144.52	154.27	172.54
Premium Received from PSB	19.27	16.57	23.50	22.77	27.56
R/I Premium Acceptance	0.29	0.21	-	-	-
Total Premium Written	127.66	144.24	168.03	177.04	200.10
R/I Ceded to SBC	54.29	54.80	68.75	79.83	97.10
Net Premium	73.37	89.44	99.28	97.21	102.99
Com. Earned	9.86	13.63	15.94	10.60	12.54
Net Claim Paid	46.30	33.90	45.02	33.47	19.72
Com. On Direct Business	-	-	-	-	-
Management Expenses	28.47	40.58	46.01	36.03	48.50
Agent Commission		16.73	17.43	23.44	36.58
Reserve for Unexpired Risk	33.19	41.81	46.60	48.85	54.50
Unallocated Expenses	10.73	11.39	8.29	13.34	5.74
Underwriting Profit/ (Loss)	(2.63)	3.17	1.97	12.62	5.08
Investment & Other Income	16.81	36.21	31.98	56.42	21.70
Net Profit/ (Loss) (Before Tax)	14.16	27.99	25.66	55.70	92.73
Net Profit/ (Loss) (After Tax)	5.32	21.67	22.41	49.20	83.24



## Auditors' Report to the Shareholders of Prime Insurance Company Limited

We have audited the accompanying Balance Sheet of the Prime Insurance Company Limited as of December 31, 2010 and the related Revenue Accounts as well as the Profit and Loss Account and Profit and Loss Appropriation Account and Statement of Cash Flow for the year then ended. The preparation of these financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the company's affairs as of December 31, 2010 and of the results of its operations and its cash flows for the year then ended and comply with the Insurance Act 1938, the Insurance Rules 1958, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### **We also report that:**

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

- ii) 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 purposes of our audit have been received from branches not visited by us;
- iii) The company's Balance Sheet and Profit and Loss Account and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- iv) The expenditure incurred was for the purposes of the company's business;
- v) As per section 40-C(2) of the Insurance Act 1938 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 indirectly, in respect of insurance business of the Company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the company; and
- vi) As per regulation-11 of part-I of the Third Schedule of the Insurance Act 1938 as amended, we certify that to the best of our information and as shown by its books, the company during the year under report has not paid to any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Place: Dhaka  
Date: February 15, 2011

  
**M M Rahman & Co**  
Chartered Accountants



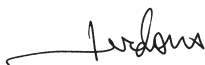
## Prime Insurance Company Limited


Balance Sheet as on 31 December 2010

Particulars	Note	Amount in Taka	
		2010	2009
<b>CAPITAL AND LIABILITIES :</b>			
<b>Share Capital</b>			
<b>Authorised:</b>			
100,000,000 ordinary shares of Tk.10 each		1,000,000,000	250,000,000
<b>Issued, subscribed &amp; paid up:</b>			
20,585,590 ordinary shares of Tk.10 each	03	205,855,900	171,546,600
<b>Reserve or Contingency accounts :</b>			
Reserve for Exceptional Losses.	04	53,494,139	43,194,251
General Reserve fund.	05	4,500,000	3,000,000
Profit & Loss Appropriation Account		66,078,616	(5,360,460)
<b>Balance of Funds and Accounts:</b>			
Fire Insurance Business		7,404,216	7,450,168
Marine Insurance Business		30,370,274	19,947,638
Miscellaneous Insurance Business		16,726,780	21,449,660
<b>Premium Deposit</b>	06	12,643,926	16,538,941
<b>Liabilities and Provisions</b>			
Estimated liability in respect of outstanding claims whether due or intimated	07	55,630,671	72,170,098
Amount due to other persons or bodies carrying on insurance business	08	77,729,975	69,672,826
Sundry Creditors	09	73,527,529	41,450,967
Income Tax Provision	10	41,998,148	55,146,100
Deferred Tax	10A	4,000,000	4,000,000
Proposed Dividend	11		34,309,320
<b>Total</b>		<b>649,960,174</b>	<b>554,516,109</b>

The accounting policies and other notes from 1 to 26 form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 15, 2011 and signed on its behalf by:

  
Ferdous Amin  
Chairman

  
Fatema Raushan Jahan  
Director

  
Mizanur Rahman Mostafa  
Director

  
Md. Ezhar Hossain  
Managing Director

This is the Balance Sheet referred to in our report annexed.

Place: Dhaka  
Dated: February 15, 2011

  
M. M. Rahman & Co.  
Chartered Accountants

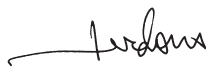
## Prime Insurance Company Limited

### Balance Sheet as on 31 December 2010

Particulars	Note	Amount in Taka	
		2010	2009
<b>PROPERTY AND ASSETS</b>			
Investment (at cost)	12	158,328,557	76,654,233
Outstanding Premium	13	22,986,282	38,396,708
Interest accrued but not received	14	12,298,647	10,541,654
Amount due from other persons or bodies carrying on insurance business	15	92,503,444	107,203,777
Sundry Debtors (including advances, deposits and pre-payments)	16	97,693,689	117,546,231
<b>Cash and Cash Equivalents</b>	17	<b>257,535,728</b>	<b>198,384,081</b>
Cash in hand		705,660	825,460
Cash at bank		256,830,068	197,558,621
<b>Other accounts</b>		<b>8,613,827</b>	<b>5,789,425</b>
Property, Plant & Equipments	18	6,143,666	3,567,542
Stock of Stationery		1,997,512	1,798,307
Insurance Stamps in hand		472,649	423,576
<b>Total</b>		<b>649,960,174</b>	<b>554,516,109</b>

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**Ferdous Amin**  
Chairman



**Fatema Raushan Jahan**  
Director



**Mizanur Rahman Mostafa**  
Director



**Md. Ezhar Hossain**  
Managing Director

This is the Balance Sheet referred to in our report annexed.

Place: Dhaka  
Dated: February 15, 2011



**M. M Rahman & Co.**  
Chartered Accountants

## Prime Insurance Company Limited

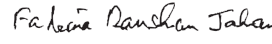
### Profit & Loss Account for the year ended 31 December 2010

Particulars	Note	Amount in Taka	
		2010	2009
Interest, Dividend and Rents (not applicable to any particular fund or account)			
Interest income	22	21,703,833	19,831,871
Other income	23	71,699,294	36,592,881
Profit/(loss) transferred from		5,080,503	12,624,571
Fire Insurance Revenue Account		5,192,864	(3,452,521)
Marine Insurance Revenue Account		(13,661,527)	7,349,891
Misc. Insurance Revenue Account		13,549,166	8,727,201
<b>Total</b>		<b>98,483,630</b>	<b>69,049,323</b>
Less : Expenses of Management (not applicable to any particular fund or account)		5,744,666	13,345,315
Directors' fees		1,406,000	989,500
Advertisement & publicity		350,494	323,865
Audit fees	19	170,000	190,000
Donation & subscription		173,730	47,850
Legal & professional fees		464,850	414,076
Depreciation	20	2,341,994	2,822,784
Registration fees	21	619,649	589,600
Meeting Expenses		217,949	128,622
Investment fluctuation fund.		-	3,000,000
Lease rental		-	375,550
Interest on Margin Loan		-	4,463,468
Balance for the year carried to Profit & Loss Appropriation Account		92,738,964	55,704,008
<b>Total</b>		<b>98,483,630</b>	<b>69,049,323</b>

The accounting policies and other notes from 1 to 26 form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 15, 2011 and signed on its behalf by:

  
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Chairman

  
Fatema Raushan Jahan  
Director

  
Mizanur Rahman Mostafa  
Director

  
Md. Ezhar Hossain  
Managing Director

Place: Dhaka  
Dated: February 15, 2011

  
M. M Rahman & Co.  
Chartered Accountants

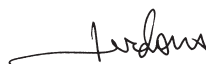
## Prime Insurance Company Limited


### Profit & Loss Appropriation Account for the year ended 31 December 2010

Particulars	Note	Amount in Taka	
		2010	2009
<b>Profit/ (loss) before tax</b>		<b>92,738,964</b>	<b>55,704,008</b>
<b>Appropriation:</b>			
Current tax provision		9,500,000	6,000,000
Deferred tax		-	500,000
<b>Profit /( Loss) after tax</b>		<b>83,238,964</b>	<b>49,204,008</b>
Less: Reserve for exceptional losses	4.01	10,299,888	9,720,780
Profit after Reserve for exceptional losses		72,939,076	39,483,228
Less : General Reserve Fund.	5.00	1,500,000	3,000,000
<b>Net profit</b>		<b>71,439,076</b>	<b>36,483,228</b>
Add: Profit/(loss) carried forward		(5,360,460)	(7,534,368)
Retained Earnings		66,078,616	28,948,860
<b>Less: Dividend Paid</b>		<b>-</b>	<b>34,309,320</b>
<b>Closing balance transferred to Balance Sheet</b>		<b>66,078,616</b>	<b>(5,360,460)</b>
<b>Earning Per Share (EPS)</b>		<b>4.04</b>	<b>28.68</b>
<b>Weighted Average No. of outstanding Share</b>		<b>20,585,590</b>	<b>1,715,466</b>

The accounting policies and other notes from 1 to 26 form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 15, 2011 and signed on its behalf by:

  
Ferdous Amin  
Chairman

  
Fatema Raushan Jahan  
Director

  
Mizanur Rahman Mostafa  
Director

  
Md. Ezhar Hossain  
Managing Director

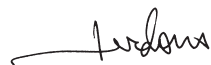
Place: Dhaka  
Dated: February 15, 2011

  
M. M Rahman & Co.  
Chartered Accountants

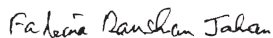
## Prime Insurance Company Limited

### Fire Insurance Revenue Account for the year ended 31 December 2010

Particulars	Amount in Taka		Particulars	Amount in Taka	
	2010	2009		2010	2009
Claims under policies less re-insurances	(7,877,203)	8,071,130	Balance of account at the beginning of the year :		
Paid during the year	(838,876)	9,033,561	Reserve for unexpired risks	7,450,168	6,451,409
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	5,052,660	12,090,987	Premium less re-insurances	14,808,432	14,900,336
	<b>4,213,784</b>	<b>21,124,548</b>	Commission on re-insurances	6,159,090	6,379,270
Less: Claims outstanding at the end of the previous year	12,090,987	13,053,418			
Agent Commission	10,394,342	6,428,363			
Expenses of management	13,303,472	9,233,875			
Profit transferred to Profit & Loss Account	5,192,864	(3,452,521)			
Balance of account at the end of the year as shown in the Balance Sheet					
Reserve for unexpired risks being 50% of premium income of the year	7,404,216	7,450,168			
<b>Total</b>	<b>28,417,690</b>	<b>27,731,015</b>	<b>Total</b>	<b>28,417,690</b>	<b>27,731,015</b>



Ferdous Amin  
Chairman



Fatema Raushan Jahan  
Director



Mizanur Rahman Mostafa  
Director



Md. Ezhar Hossain  
Managing Director

This is the Fire Insurance Revenue Account referred to in our report annexed.

Place: Dhaka

Dated: February 15, 2011

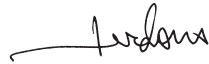


**M. M. Rahman & Co.**  
Chartered Accountants

# Prime Insurance Company Limited

## Marine Insurance Revenue Account for the year ended 31 December 2010

Particulars	Amount in Taka		Particulars	Amount in Taka	
	2010	2009		2010	2009
Claims under policies less re-insurances: Paid during the year	23,536,302 11,071,325	9,482,357 9,088,695	Balance of account at the beginning of the year : Reserve for unexpired risks	19,947,637	19,720,908
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	29,864,183 40,935,508	17,399,206 26,487,901	Premium less re-insurances	54,736,887	39,408,143
Less: Claims outstanding at the end of the previous year	17,399,206	17,005,544	Commission on re-insurances	3,877,971	2,625,491
Agent commission	15,611,606	9,515,285			
Expenses of management	22,705,840	15,459,371			
Profit transferred to Profit & Loss Account	(13,661,527)	7,349,892			
Balance of account at the end of the year as shown in the Balance Sheet Reserve for unexpired risks being 50% of premium income on Marine Cargo and 100% of premium income on Marine Hull of the year:	30,370,274	19,947,637			
Cargo	24,366,613	19,460,506			
Hull	6,003,661	487,131			
<b>Total</b>	<b>78,562,495</b>	<b>61,754,542</b>	<b>Total</b>	<b>78,562,495</b>	<b>61,754,542</b>



Ferdous Amin  
Chairman



Fatema Raushan Jahan  
Director



Mizanur Rahman Mostafa  
Director



Md. Ezhar Hossain  
Managing Director

This is the Marine Insurance Revenue Account referred to in our report annexed.

Place: Dhaka

Dated: February 15, 2011

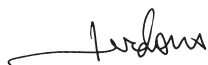


M. M Rahman & Co.  
Chartered Accountants

## Prime Insurance Company Limited

### Motor & Miscellaneous Insurance Revenue Account for the year ended 31 December 2010

Particulars	Amount in Taka				Particulars	Amount in Taka			
	2010			2009		2010			2009
	Motor	Misc.	Total	Total		Motor	Misc.	Total	Total
Claims under policies less re-insurances: Paid during the year	(8,651,933)	12,716,484	4,064,551	15,912,584	Balance of account at the beginning of the year :				
	13,975,440	12,055,188	26,030,628	15,085,768	Reserve for unexpired risks	10,891,366	10,558,294	21,449,660	20,426,570
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	17,620,758	3,093,070	20,713,828	42,679,905	Premium less re-insurances	23,056,795	10,396,764	33,453,559	42,899,320
	31,596,198	15,148,258	46,744,456	57,765,673	Commission on re-insurances	669,418	1,834,750	2,504,168	1,592,692
Less: Claims outstanding at the end of the previous year	40,248,131	2,431,774	42,679,905	41,853,089					
Agent Commission	8,245,170	2,329,827	10,574,997	7,496,503					
Expenses of management	6,009,095	6,482,798	12,491,893	11,332,635					
Profit/(Loss) transferred to Profit & Loss Account	17,486,849	(3,937,683)	13,549,166	8,727,200					
Balance of account at the end of the year as shown in the Balance Sheet									
Reserve for unexpired risks being 50% of premium income on Motor & 50% of premium income on Misc.of the year	11,528,398	5,198,382	16,726,780	21,449,660					
<b>Total</b>	<b>34,617,579</b>	<b>22,789,808</b>	<b>57,407,387</b>	<b>64,918,582</b>	<b>Total</b>	<b>34,617,579</b>	<b>22,789,808</b>	<b>57,407,387</b>	<b>64,918,582</b>



**Ferdous Amin**  
Chairman



**Fatema Raushan Jahan**  
Director



**Mizanur Rahman Mostafa**  
Director



**Md. Ezhar Hossain**  
Managing Director

This is the Miscellaneous Insurance Revenue Account referred to in our report annexed.

Place: Dhaka

Dated: February 15, 2011



**M. M. Rahman & Co.**  
Chartered Accountants

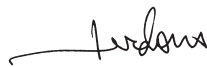
# Prime Insurance Company Limited

## Cash Flow Statement


For the year ended 31 December 2010

Particulars	Amount in Taka	
	2010	2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Turnover against Insurance Business	172,537,143	154,273,937
Business cost & Expenses	(127,224,195)	(97,816,334)
Income Tax Paid	(8,732,547)	(4,568,525)
VAT paid	<b>(23,012,330)</b>	<b>(18,834,866)</b>
<b>Net cash flow from Operating Activities</b>	<b>13,568,071</b>	<b>33,054,212</b>
<b>Net Operating Cash flow per share</b>	<b>0.66</b>	<b>16.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Investment in Stock	(81,674,324)	(6,878,310)
Sales proceeds of Investment in share & others	121,639,629	-
Disposal of fixed assets	1,841,850	711,500
Purchase of Fixed Assets	(7,073,943)	(1,474,234)
Margin loan	10,850,364	-
<b>Net cash flow from Investing activities</b>	<b>45,583,576</b>	<b>(7,641,044)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend payable	-	-
Dividend paid	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)	59,151,647	25,443,168
Cash and Cash Equivalent at the beginning of the year	198,384,081	172,940,913
<b>Cash and Cash Equivalent at the closing of the year</b>	<b>257,535,728</b>	<b>198,384,081</b>

These Financial Statements should be read in conjunction with the annexed notes.



**Ferdous Amin**  
Chairman



**Fatema Raushan Jahan**  
Director



**Mizanur Rahman Mostafa**  
Director



**Md. Ezhar Hossain**  
Managing Director

Place: Dhaka  
Dated: February 15, 2011



**M. M Rahman & Co.**  
Chartered Accountants



## Prime Insurance Company Limited

### Changes in Equity

For the year ended 31 December 2010

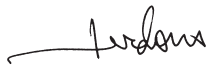
#### For 2009

Particulars	Share Capital	General Reserve	Reserve for exceptional losses	Proposed Dividend	Profit & Loss Account	Total
Balance as at 1st January 2009	165,000,000		33,473,471	-	(9,87,768)	197,485,703
Stock Dividend	6,546,600		-		(6,546,600)	-
Profit after tax for the year	-		-	-	49,204,008	49,204,008
Appropriation made during the year	-	3,000,000	9,720,780		(12,720,780)	-
<b>Total</b>	<b>171,546,600</b>	<b>3,000,000</b>	<b>43,194,251</b>	<b>-</b>	<b>28,948,860</b>	<b>246,689,711</b>

#### For 2010

Particulars	Share Capital	General Reserve	Reserve for exceptional losses	Proposed Dividend	Profit & Loss Account	Total
Balance as at 1st January 2010	171,546,600	3,000,000	43,194,251	-	28,948,860	246,689,711
Stock Dividend	34,309,300	-	-	-	(34,309,320)	-
Profit after tax for the year-2010	-	-	-	-	83,238,964	83,238,964
Appropriation made during the year	-	1,500,000	10,299,888	-	(11,799,888)	-
<b>Total</b>	<b>205,855,900</b>	<b>4,500,000</b>	<b>53,494,139</b>	<b>-</b>	<b>66,078,616</b>	<b>329,928,655</b>

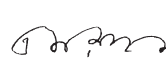
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Ferdous Amin  
Chairman



Fatema Raushan Jahan  
Director



Mizanur Rahman Mostafa  
Director



Md. Ezhar Hossain  
Managing Director

Place: Dhaka  
Dated: February 15, 2011



M. M Rahman & Co.  
Chartered Accountants

# Notes to the Accounts

## For the year ended 31 December 2010

### 1.00 Historical background:

The Company was incorporated as a public limited company on 21 March 1996 and obtained registration from the Controller of Insurance, Government of the People's Republic of Bangladesh on March 31, 1996. The company is engaged in the business of all types of insurance other than life as per Insurance Act 1938 as amended.

### 2.00 Summary of significant accounting policies and other related material information:

#### a) Basis of accounting & presentation of accounts

##### i) Basis of accounting:

The financial statements have been prepared on the basis of going concern concept under generally accepted accounting principles according to the historical cost convention. These statements have also been prepared in accordance with applicable International Accounting Standards as were adopted in Bangladesh under name & style Bangladesh Accounting Standards (BAS) with reference to disclosures of accounting policies and valuation of investment both.

##### ii) Basis of presentation:

The Balance Sheet has been prepared in accordance with the 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 general insurance business has been prepared in accordance with the regulations as contained in Part – I of the Third Schedule and as per Form 'F' as set forth in Part – II of that Schedule of the Insurance Act, 1938 as amended. The classified summary of the assets has been prepared in accordance with Form "AA" as set forth in Part – II of the aforesaid Act. The Cash Flow Statement has also been included as per requirement of the Securities and Exchange Rules 1987.

##### iii) Method:

The Financial statements have been drawn up on mercantile method.

##### iv) General:

1. Figures have been rounded off to the nearest Taka.
2. Last year's figures have been rearranged and adjusted wherever considered necessary to conform with the standard accounting practice.

#### b) Revenue recognition

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

- ii) 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 Shadharan Bima Corporation are received. The statements of account for the period from July 2009 to June 2010 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method to account for the Public Sector insurance Business (PSB) has been consistently followed.
- iii) Amounts received against issue of Cover Notes, which have not been converted into Policy are recognized as income at the earlier of Cover Notes converted into Policy or after expiry of two years of Cover Notes in accordance with Sadharan Bima Corporation's Circular.
- iv) Interest on Fixed Deposit Receipts (FDR), Short Term Deposit (STD) and National Investment Bond (NIB) includes amount accrued but not received.
- v) 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 Shadharan Bima Corporation.
- vi) Income on Investment in marketable securities has been taken into account at actual amount earned and received on its disposal. Surplus/(deficit) of cost over the market value of the Securities in hand at Balance Sheet date has not been taken into account.

**c) Valuation of Government Bond:**

Government Bond / Securities are stated at cost.

**d) Valuation of Investment of Share / Debenture:**

Investment made in shares & debentures are valued at cost or market price whichever is lower as per Bangladesh Accounting Standard (BAS)-25.

**e) Provision for Un-expired Risk Reserve**

Surplus/(Deficit) on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 50% of net premium income on miscellaneous, marine cargo, 50% on fire & motor business and 100% on marine Hull business concern.

**f) Allocation of total management expenses**

Total related management expenses have been allocated among the different Revenue Accounts on pro rata basis of their respective gross premium income.

**g) Depreciation on Property, Plant & Equipment**

- i) Property, Plant & Equipment are depreciated following the straight-line method on the basis of life expectancy of the assets. Depreciation on newly acquired assets is charged for the average six month while no depreciation is charged on assets retiring during the year. The Property, Plant & Equipment are depreciated at the following rates:

Items	Rate %
Motor Vehicles	20
Furniture & Fixtures	10
Office Equipment	15
Electrical Equipment	15
Computer	30

- ii) 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 to the Insurance Act 1938, have been reviewed and set forth in the Balance Sheet at amounts not exceeding their book value.

**f) Employees' retirement benefit scheme :**

**g) i) Provident Fund**

Under defined Contribution scheme, Company operates duly recognized Provident Fund managed by independent Board of Trustees for all permanent employees but excepting those who are on contract basis. The eligible employees contribute @ 10% of their basic salary. The company's contribution to the scheme are charged to Profit & loss Account in the year in which they relate.

**ii) Gratuity**

The Company operates a funded gratuity scheme under which a confirmed employee is entitled to receive one month basic pay for each completed year of services after completion of minimum seven years of services with the company. Basic pay in this regard represent the last basic of the employee. The management of the company in its Board meeting no-116/2008 dated 22, September 2008 approved the Gratuity Rules. Adequate provision has been made in these accounts.

**3.00 Paid up Capital: Tk 205,855,900**

Pursuant to section 6(b) of Insurance Act 1938 (The Seventh Schedule), and Section 4(A) of Insurance Rules, 1958 and Article 6(D) of Articles of Association of the Company, the company raised its paid up capital from Tk 6.00 crore to Tk 15.00 crore through Initial Public Offering (IPO) of 9,00,000 Ordinary Shares of Tk 100 each at par in November 2000. The company has declared and approved 20% Bonus share on accounts of the year ended December 31, 2009 for Sponsors Directors and General share holders and the bonus share has already been distributed to the Sponsors Directors and the General shareholders BO account accordingly. The category-wise share-holding position as on 31 December, 2010 is as under:

Category of Shareholders	No. of Share	% of holding	Amount in Taka
1. Sponsors & Directors (Group-A)	980,956	47.65%	98,095,600
2. General Public (Group - B)	1,077,603	52.35%	107,760,300
<b>Total</b>	<b>2,058,559</b>	<b>100.00%</b>	<b>205,855,900</b>

## Classification of shareholders as per their share holdings:

## Group-A

Class Interval	No. of share	No. of share Holders	% of Total holding	% of Total paid up capital
001-500	-	-	-	0.00
501-5000	2,640	1	0.27	0.13
5001-10000	19,200	3	1.95	0.93
10001-20000	65,272	5	6.65	3.17
20001-30000	72,700	3	7.41	3.53
30001-40000	204,680	6	20.87	9.94
40001-50000	180,864	4	18.44	8.79
50001-100000	435,600	8	44.41	21.16
<b>Total</b>	<b>980,956</b>	<b>30</b>	<b>100.00</b>	<b>47.65</b>

## Group-B

Class Interval	No. of share	No. of share Holders	% of Total holding	% of Total paid up capital
001-500	285,393	1714	26.48	13.86
501-5000	217,428	115	20.18	10.56
5001-10000	89,596	9	8.31	4.35
10001-20000	190,980	6	17.72	9.28
20001-30000	20,800	3	1.93	1.02
30001-40000	31,940	0	2.97	1.55
40001-50000	0	0	0.00	0.00
50001-100000	0	1	0.00	0.00
100001-1000000	241,466	1	22.41	11.73
<b>Total</b>	<b>1,077,603</b>	<b>1849</b>	<b>100.00</b>	<b>52.35</b>

## 4.00 Reserve for Exceptional Losses: Tk 53,494,139

Amount in Taka	
2010	2009

This is made up as follows:

Opening balance

Add: Provision made during the year (4.01)

**Closing balance as on 31 December 2010**

43,194,251	33,473,471
10,299,888	9,720,780
<b>53,494,139</b>	<b>43,194,251</b>

4.01 This represents profit set-aside during the year under review at 10% of net premium allowed as expenses to meet Exceptional Losses. The aforesaid set-aside of profit has been allowed as expenses by paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.

At 10% of Net Premium on:

01. Fire Insurance Business

02. Marine Insurance Business

03. Motor Insurance Business

04. Miscellaneous Insurance Business

**Total**

1,480,843	1,490,034
5,473,689	,940,814
2,305,680	2,178,273
1,039,676	2,111,659
<b>10,299,888</b>	<b>9,720,780</b>

**5.00 General Reserve Fund Account: Tk 4,500,000**

This is made up as follows :

Transferred from current year profit to General reserve fund account

Add : Transferred during the year

**Closing balance as on 31 December 2010.**

Amount in Taka	
2010	2009

3,000,000	3,000,000
1,500,000	-
<b>4,500,000</b>	<b>3,000,000</b>

**6.00 Premium Deposit: Tk 12,643,926**

The amount represents the balance of premium received against Marine Cover Notes over the years for which policies have not been issued within 31 December 2010.

**7.00 Estimated liability in respect of outstanding claims whether due or intimated: Tk 55,630,671**

The break-up of the amount is as under:

Class of business

Fire

Marine

Motor

Miscellaneous

**Closing balance as on 31 December 2010.**

5,052,660	12,090,987
29,864,183	17,399,206
17,620,758	40,248,131
3,093,070	2,431,774
<b>55,630,671</b>	<b>72,170,098</b>

**8.00 Amount due to other persons or bodies carrying on insurance business: Tk 77,729,975**

This amount is payable to Shadharan Bima Corporation on account of re-insurance arrangements with them and to other local Insurance Companies under co-insurance scheme. Break up of the amount is as under:

Amount due to Shadharan Bima Corporation (SBC)

Other Insurance Company (Co-Ins. Premium Payable)

**Closing balance as on 31 December 2010.**

74,540,405	65,460,796
3,189,570	4,212,030
<b>77,729,975</b>	<b>69,672,826</b>

**9.00 Sundry Creditors: Tk 73,527,529**

This represents liabilities for certain expenses as well as other finance, which are made up as follows:

Audit fees payable (9.01)

VAT Payable Including Client (9.02)

Employees' Tax deduction at source

Income Tax deduction at source

Bills Payable

Insurance stamps on Deposit premium (9.03)

Security Deposit

Unclaimed Dividend (9.04)

Gratuity Fund (9.05)

Provision for Expenses (9.06)

Provident Fund Payable (9.07)

Salary payable

Overdraft (Margin account)

**Closing balance as on 31 December 2010.**

317,175	290,550
2,542,453	3,653,649
181,651	104,545
120,499	173,057
144,820	144,820
7,230,855	7,064,546
85,250	100,250
3,160,465	3,160,465
8,970,400	10,097,000
34,470,523	11,287,476
4,003,397	4,516,087
1,449,677	858,522
10,850,365	-
<b>73,527,529</b>	<b>41,450,967</b>

**9.01 Audit Fee Payable: Tk 317,175**

Opening Balance  
 Add: Provision during the year  
**Total**  
 Less: Paid during the year.  
**Closing Balance as on 31 December 2010**

Amount in Taka	
2010	2009
290,550	325,950
170,000	190,000
<b>460,550</b>	<b>515,950</b>
143,375	225,400
<b>317,175</b>	<b>290,550</b>

**9.02 VAT Payable: Tk 2,542,453**

Opening Balance  
 Add: Payable during the year  
**Total**  
 Less: Paid during the year  
**Closing Balance as on 31 December 2010**

3,653,649	4,621,978
21,901,134	17,866,537
<b>25,554,783</b>	<b>22,488,515</b>
23,012,330	18,834,866
<b>2,542,453</b>	<b>3,653,649</b>

**9.03 Insurance stamp on Deposit Premium: Tk 7,230,855**

Opening Balance  
 Add: Payable during the year  
**Total**  
 Less: Paid during the year  
**Closing Balance as on 31 December 2010**

7,064,546	11,436,827
12,822,670	5,777,547
<b>19,887,216</b>	<b>17,214,374</b>
12,656,361	10,149,828
<b>7,230,855</b>	<b>7,064,546</b>

**9.04 Unclaimed Dividend: Tk 3,160,465**

Unclaimed dividend amounting to Tk.3,160,465.00 payable to the Sponsor Directors and general shareholders to whom dividend warrants were issued but not placed for collection upto the date of Balance Sheet.

**9.05 Gratuity Fund: Tk 8,970,400**

Gratuity Fund provision are as follows :

Opening Balance  
 Add: Provision made during the year  
  
 Less: Transferred to the Gratuity Fund Account.  
 Less: Paid to the Employee's during the year  
**Closing Balance as on 31 December 2010**

10,097,000	8,972,000
1,200,000	1,125,000
11,297,000	10,097,000
2,025,000	-
301,600	-
<b>8,970,400</b>	<b>10,097,000</b>

**9.06 Provisions were made on the followings: Tk 34,470,523**

	Amount in Taka	
	2010	2009
Incentive (9.06.01)	3,857,633	2,226,677
Health Insurance	221,720	221,720
Mobile	50,850	44,100
Telephone (Res)	18,500	17,750
Telephone (Off)	34,950	27,250
Electricity	61,350	56,637
Car Allowance	67,350	56,068
Car Fuel	71,123	59,568
Car Maint.	130,500	112,600
Investment Fluctuation Fund (9.06.02)	25,350,025	3,282,769
Other Advance Agent Commission (9.06.03)	4,606,522	5,182,337
<b>Closing Balance as on 31 December 2010</b>	<b>34,470,523</b>	<b>11,287,476</b>

**9.06.01 Incentive for Employee's Tk 3,857,633**

The break-up of the amount is as under:

Opening Balance	2,226,677	700,677
Add: Provision during the year.	3,400,000	1,526,000
<b>Total</b>	<b>5,626,677</b>	<b>2,226,677</b>
Less : Paid during the year	1,769,044	-
<b>Closing Balance as on 31 December 2010</b>	<b>3,857,633</b>	<b>2,226,677</b>

**9.06.02 Investment Fluctuation Fund: Tk 25,350,025**

The break-up of the amount is as under:

Opening Balance	3,282,769	282,769
Add: During the year provision	22,067,256	3,000,000
<b>Closing Balance as on 31 December 2010</b>	<b>25,350,025</b>	<b>3,282,769</b>

**9.06.03 Provision for other advances TK 4,606,522**

The above amount is receivable from various Insurance commission Agents for collection of Premium which was shown in Balance sheet. In this regard the Management of the company has taken all out efforts including legal action to collect the outstanding premium and recover the advance commissin.However the management of the company has also decided to provide 40% on total outstanding in the finanacial statements to record the probable loses in this regard.

Opening Balance	5,182,337	2,879,076
Add : During the Year provision	4,606,522	2,303,261
<b>Balance as on 31 December 2010</b>	<b>9,788,859</b>	<b>5,182,337</b>
Less: Adjustment during the year	5,182,337	-
<b>Closing Balance as on 31 December 2010</b>	<b>4,606,522</b>	<b>5,182,337</b>



Amount in Taka	
2010	2009

**9.07 Provident Fund Payable: Tk 4,003,397**

The above amount was taken from the employees PF for the purpose of meeting administrative expenses of the company.

**10.00 Income Tax Provision: Tk 41,998,148**

This represents provision on account of Income tax, details whereof are as under:

Opening Balance	55,146,100	49,146,100
Add : Provision for the year-2010	9,500,000	6,000,000
Total	64,646,100	55,146,100
Less : During the year adjustment.	22,647,952	-
<b>Closing Balance as on 31 December 2010</b>	<b>41,998,148</b>	<b>55,146,100</b>

**10.A Provision for Deferred Tax: Tk 4,000,000**

Provision for deferred taxation for the year 2010 has been made on lump sum basis which is adequate with the requirements of BAS-12.

Balance brought forward	4,000,000	3,500,000
Add : Provision during the year-2010	-	500,000
<b>Closing Balance as on 31 December 2010</b>	<b>4,000,000</b>	<b>4,000,000</b>

**11.00 Proposed Dividend: Tk 61,756,770**

The Board of Directors has recommended 3 Bonus Share per 10 (Ten) existing share on accounts of the year ended December 31,2010 in its Board meeting held on 15 February, 2011 as dividend on paid up capital of Tk. 205,855,900 subject to the approval in the Annual General Meeting to be held on April 18, 2011. Proposed dividend total amount for the year 2010 is TK.61,756,770.00 After allowing this dividend the accumulated Profit of the company will reach to Tk.4,321,846.00

**12.00 Investment (at cost): Tk 158,328,557.00**

The investment has been stated at the cost of acquisition. The details are as under:

a) 8.5% National Investment Bond for three years	9,000,000	9,000,000
b) Investment in Listed Securities	144,911,857	66,654,233
d) 256,945 No Shares in Central Depository (BD) Ltd	4,416,700	1,000,000
<b>Closing Balance as on 31 December 2010</b>	<b>158,328,557</b>	<b>76,654,233</b>

a) The amount represents statutory deposit with Bangladesh Bank as required under Sec.7 (1) of the Insurance Act, 1938.

## b) Invested in Listed Securities:

Name of Company	Quantity	Average Cost Price (Tk.)	Total Cost Value (Tk.)	Average Market Price(Tk.)	Market Value(Tk.)
AB Bank Ltd	10000	1,513.38	15,133,800.00	1,557.00	15,570,000.00
ACI Limited	17500	453.83	7,942,025.00	372.50	6,518,750.00
Al- Arafah Islami	40000	62.93	2,517,200.00	65.20	2,608,000.00
Bata Shoe	3800	762.64	2,898,032.00	666.70	2,533,460.00
BATBC	6950	751.75	5,224,662.50	715.50	4,972,725.00
Berger Paints	6100	966.82	5,897,602.00	857.60	5,231,360.00
Beximco Pha	20000	149.42	2,988,400.00	134.20	2,684,000.00
BOC Bangladesh	8800	831.63	7,318,344.00	699.30	6,153,840.00
BSRM Steel	3100	2,319.09	7,189,179.00	2,105.50	6,527,050.00
City Bank	7000	945.34	6,617,380.00	986.75	6,907,250.00
Dhaka electric	6390	2,446.91	15,635,754.90	2,059.25	13,158,607.50
Exim Bank	10000	58.86	588,600.00	58.20	582,000.00
Glaxo smithkline	7800	1,391.46	10,853,388.00	1,150.80	8,976,240.00
Jumuna Oil Co.	4900	422.14	2,068,486.00	329.60	1,615,040.00
National Bank	50	180.39	9,019.50	193.20	9,660.00
One Bank	5000	1,108.47	5,542,350.00	1,156.25	5,781,250.00
Prime Bank 1st ICB	100000	10.00	1,000,000.00	14.70	1,470,000.00
Prime Bank	5750	910.25	5,233,937.50	972.50	5,591,875.00
Prime Finance 1st	51000	40.52	2,066,520.00	40.40	2,060,400.00
Pubali Bank Ltd.	35000	107.59	3,765,650.00	106.70	3,734,500.00
RAC Ceramics	6100	48.00	292,800.00	171.60	1,046,760.00
S.Alam Cold Roll	87	100.00	8,700.00	829.75	72,188.25
South East Bank	6000	578.56	3,471,360.00	584.50	3,507,000.00
Square Pharma	2200	3,787.01	8,331,422.00	3,517.50	7,738,500.00
United Insurance	750	1,906.06	1,429,545.00	1,774.75	1,331,062.50
Uttara Bank	5100	1,576.99	8,042,649.00	1,678.00	8,557,800.00
RAC Ceramics	13200	223.66	2,952,312.00	171.60	2,265,120.00
MICFL	32338	111.60	3,608,920.80	IPO Placement	-
MJLBD	40192	152.40	6,125,260.80	IPO Placement	-
Rupali Bank	100	1,586	158,557.00	1,702.48	170,248.00
<b>Total:</b>	<b>455207</b>	<b>-</b>	<b>144,911,857.00</b>	<b>-</b>	<b>127,374,686.25</b>

**13.00 Outstanding Premium: Tk 22,986,282**

As directed by the Securities and Exchange Commission Vide letter No-SEC/Enforcement/645/2007/1090 dated 31/12/2009 appropriate steps have been taken to realize the outstanding premium and accordingly realized Tk. 19,475,527 as against Tk.38,396,708 which is 50% of total outstanding. During the year added Tk.4,065,101.00 against Marine Hull which will be adjusted next year. The remaining balance of outstanding premium of TK.18,921,181.00 will be adjusted within next three years.

**13.01 Outstanding Premium: Tk 22,986,282**

Break-up of the above amount is given below:

- 01. Fire
- 02. Marine
- 02. Marine Hull
- 03. Motor
- 04. Miscellaneous
- Closing balance as on 31 December 2010**

Amount in Taka	
2010	2009
18,921,181	4,044,796
4,065,101	30,718,773
-	-
-	3,155,018
-	478,121
<b>22,986,282</b>	<b>34,351,912</b>

**14.00 Interest accrued but not received: Tk 12,298,647**

- a) On Fixed Deposit with different banks
- b) 8.50% National Investment Bond
- Closing balance as on 31 December 2010**

10,366,237	9,374,244
1,932,410	1,167,410
<b>12,298,647</b>	<b>10,541,654</b>

**15.00 Amount due from other persons or bodies carrying on insurance business: Tk 92,503,444**

- 01. Co-insurance premium and claims receivable from Co-insurer
- 02. Receivable from SBC on account of PSB
- Closing balance as on 31 December 2010**

9,689,670	17,215,340
82,813,774	89,988,437
<b>92,503,444</b>	<b>107,203,777</b>

**16.00 Sundry Debtors (including advances, deposits and pre-payments): Tk 97,693,689**

This represents advance, deposits, pre-payments made and amount receivable from insured, which are as follows:

- VAT receivable on collection control premium (16.01)
- Stamp receivable on collection control premium (16.02)
- Advance Income Tax (16.03)
- Advance office rent
- Advance against salaries
- Security Deposit
- Advance to suppliers
- Advance against Travel Expenses
- Other Advances (16.04)
- Closing balance as on 31 December 2010**

21,872,215	22,877,100
5,179,442	6,328,908
59,806,892	71,461,801
736,054	1,349,915
304,475	551,559
228,574	228,574
137,300	137,300
215,693	215,693
9,213,044	14,395,381
<b>97,693,689</b>	<b>117,546,231</b>

**16.01 VAT receivable on collection control premium: Tk 21,872,215**

Opening Balance
Add: Receivable during the year
<b>Total</b>
Less: Received during the year
<b>Closing Balance as on 31 December 2010</b>

Amount in Taka	
2010	2009

22877100	21,523,565
21,729,179	19,364,680
<b>44,606,279</b>	<b>40,888,245</b>
22,734,064	18,011,145
<b>21,872,215</b>	<b>22,877,100</b>

**16.02 Stamp Receivable on collection control Premium: Tk 5,179,442**

Opening Balance
Add: Receivable during the year
<b>Total</b>
Less: Received during the year
<b>Closing Balance as on 31 December 2010</b>

5,778,088	5,778,088
12,848,757	6,102,935
<b>18,626,845</b>	<b>11,881,023</b>
13,447,403	5,552,115
<b>5,179,442</b>	<b>6,328,908</b>

**16.03 Advance Income Tax Tk 59,806,892****16.03.1 Corporate Tax**

Opening Balance
Paid during the year (including arrear)
Paid during the year against company's car (16.03.03)
<b>Closing Balance :</b>
Less : Adjustment during the year
<b>Closing Balance as on 31 December 2010</b>
Add : Advance Tax deduction at source on Bank Interest(15.03.02)
<b>Total Closing Balance as on 31 December 2010</b>

55,792,759	51,224,234
8,732,547	4,556,525
103,000	12,000
<b>64,628,306</b>	<b>55,792,759</b>
17,316,073	-
<b>47,312,233</b>	<b>55,792,759</b>
12,494,659	15,669,042
<b>59,806,892</b>	<b>71,461,801</b>

**16.03.2 Advance Tax deduction at source on Bank Interest: Tk 12,494,659**

The above advance tax has been deducted from the Interest income from FDR, STD Accounts, National Investment Bond and dividend income maintained in the name of the company.

Openig Balance
During the Year deduction
<b>Balance as on 31 December 2010</b>
Less : Adjustment during the year
<b>Closing Balance as on 31 December 2010</b>

15,669,042	13,649,642
2,157,496	2,019,400
<b>17,826,538</b>	<b>15,669,042</b>
5,331,879	-
<b>12,494,659</b>	<b>15,669,042</b>

**16.03.3 Advance Tax Paid against Company's Car Tk 103,000**

The above advance tax has been Paid against Company's Car. Details are given below :

Openig Balance
During the Year deduction (16.03.04)
<b>Closing Balance as on 31 December 2010</b>
Less : Adjustment.
<b>Closing Balance as on 31 December 2010</b>

12,000	12,000
91,000	-
<b>103,000</b>	<b>12,000</b>
-	-
<b>103,000</b>	<b>12,000</b>

**16.03.04 Advance Tax paid against Company's Car Tk 91,000**

**Sl.No. Particulars**

- 1 Dhaka M.Ga-14-8336
- 2 Dhaka M.Ga-17-6992
- 3 Dhaka M.Ga-14-8225
- 4 Dhaka M.Th-1-5496
- 5 Dhaka M.Ga-14-8400
- 6 Dhaka M.Ga-14-5769
- 7 Ctg- Metro-Ga-11-5631
- 8 Chitta Metro-Ga-14-4109
- 9 Dhaka Metro-Ga-11-8723
- 10 Dhaka Metro-Bha-11-1051
- 11 Dhaka Metro-Ga--14-6551
- 12 Dhaka Metro-Ga--14-2965
- 13 Dhaka Metro-Ga--14-6380
- 14 Dhaka Metro-Ga-19-0785
- 15 Dhaka Metro GA-21-5294
- 16 Dhaka Metro-Ga-14-8273

**Closing Balance as on 31 December 2010**

Amount in Taka	
2010	2009
8,000	-
3,000	
8,000	3,000
12,000	
8,000	
4,000	
8,000	
3,000	3,000
6,000	3,000
7,000	
3,000	
4,000	
3,000	
3,000	
3,000	
8,000	3,000
<b>91,000</b>	<b>12,000</b>

**16.04 Other Advances: Tk 9,213,044**

Above amount was given to various parties as commission in advance.

Break-up of the above amount is given bellow:

- 01. Marine Insurance Commission
- 02. Motor Insurance Commission

**Balance as on 31 December 2010**

Less : Adjustment during the year

**Closing Balance as on 31 December 2010**

12,976,467	12,976,467
1,418,914	1,418,914
<b>14,395,381</b>	<b>14,395,381</b>
5,182,337	-
<b>9,213,044</b>	<b>14,395,381</b>

**17.00 Cash & Cash Equivalents: Tk 257,535,728**

- 01. Cash in hand
- 02. Balance with banks:
  - a) Fixed deposits ( Annexure-B )
  - b) Short term deposits
  - c) Foreign Currency Account (USD14250.13 equivalent @ TK.71.49.)
  - d) Current Deposits

**Closing Balance as on 31 December 2010**

705,660	825,460
<b>256,830,068</b>	<b>197,558,621</b>
244,916,000	186,093,000
9,275,542	9,007,613
1,018,884	-
1,619,642	2,458,008
<b>257,535,728</b>	<b>198,384,081</b>

**18.00 Property, Plant & Equipment Tk 6,143,666 details shown in Annexure - A**

**19.00 Audit Fee: Tk 170,000**

- Statutory Audit
- Audit as required by Controller of Insurance.
- Total**

100,000	120,000
70,000	70,000
<b>170,000</b>	<b>190,000</b>

**20.00 Depreciation: Tk 2,341,994**

Depreciation  
Write off Deferred Expenditure  
**Total**

Amount in Taka	
2010	2009
2,341,994	2,822,784
-	-
<b>2,341,994</b>	<b>2,822,784</b>

**21.00 Registration renewal fee: Tk 619,649**

This represents fee for renewal of registration with the office of the Chief controller of Insurance u/s. 3A of the Insurance Act 1938, which is equivalent to Tk.3.50 per thousand of Gross direct Premium written during the immediate preceding year of payment.

**22.00 Interest income: Tk 21,703,833**

This represents the amount received/accrued during the year on interest bearing account with different Banks under the following category:

01. On National Investment Bond (8.5% on Tk.9,000,000)

02. On Fixed Deposits

03. On Short Term Deposits

**Total**

765,000	765,000
20,733,257	18,830,302
205,576	236,569
<b>21,703,833</b>	<b>19,831,871</b>

**23.00 Other Income: Tk 71,699,294**

The above amount arrived at as under:

Profit from sale of Motor car (23.02)

Loss from Sale of Furniture & Fixture

Profit from Sale of Electric Fans

Profit from Sale of Air Conditions

Profit form Sale of Telephone Installation

Profit from Sale of Motor Cycle (23.02.04)

Service charge recovery

Adjustment of gratuity provision

Income from share Trading (23.01)

Sundry receives

**Total**

1,401,026	377,777.00
-	-
-	-
-	-
-	-
-	83,100.00
8,906	57,290
-	-
70,281,422	36,060,164
7,940	14,550
<b>71,699,294</b>	<b>36,592,881</b>

**23.01 Net Income from share Trading TK 70,281,422**

The above amount arrived at as under :

**Particulars**

Income from share Trading

Less: Interest on Margin Account.

Less :Brokarge Commission and others expenses.

Less : Provision for Investment fluctuation fund

**Net Share Trading Income :**

100,898,296	36,060,164
5,746,602	-
2,803,016	-
22,067,256	-
<b>70,281,422</b>	<b>36,060,164</b>

**23.02 Profit from Sale of Motor Car Tk 1,401,026**

The above amount arrived at as under :

**Particulars**

- 1 Motor Car Note-23.02.01
- 2 Motor Car Note-23.02.02
- 3 Motor Car Note-23.02.03
- 4 Motor Car Note 23.02.04

**Total profit :**

Amount in Taka	
2010	2009
468,850	-
488,000	-
485,000	-
(40,824)	-
<b>1,401,026</b>	<b>-</b>

**23.02.01 Profit from sale of Motor Car TK 468,850**

The above amount arrived at as under :

**Particulars**

- Cost Price
- Less : Accumulated Depreciation

**Written down value**

Sales :

**Profit :**

495,000	-
495,000	-
-	-
468,850	-
<b>468,850</b>	<b>-</b>

**23.02.02 Profit from sale of Motor Car TK 488,000**

The above amount arrived at as under :

**Particulars**

- Cost Price
- Less : Accumulated Depreciation

**Written down value**

Sales :

**Profit :**

600,000	-
600,000	-
-	-
488,000	-
<b>488,000</b>	<b>-</b>

**23.02.03 Profit from sale of Motor Car TK 485,000**

The above amount arrived at as under :

**Particulars**

- Cost Price
- Less : Accumulated Depreciation

**Written down value**

Sales :

**Profit**

600,000	-
600,000	-
-	-
485,000	-
<b>485,000</b>	<b>-</b>

**23.02.04 Profit/(Loss) from sale of Salvage Motor Car TK (40,824)**

The above amount arrived at as under :

**Particulars**

- Cost Price
- Less : Accumulated Depreciation

**Written down value**

Sales :

**Profit /(Loss):**

460,824	-
20,000	-
440,824	-
400,000	-
<b>(40,824)</b>	<b>-</b>

**24.00 Net Assets Value : Tk 329,928,654**

Amount in Taka	
2010	2009

The price of the common stock of prime Insurance Company Ltd has been determined on the basis of net assets value break up is given below :

**A. Assets :**

Investment	158,328,557	76,654,233
Outstanding Premium	22,986,282	38,396,708
Amount due from other persons or bodies carrying on insurance business	92,503,444	107,203,777
Sundry Debtors	97,693,689	117,546,231
Cash and Cash Equivalents	257,535,728	198,384,081
Other Accounts	20,912,474	16,331,079
<b>Total Assets :</b>	<b>649,960,174</b>	<b>554,516,109</b>

**B. Liabilities :**

Balance of Fund Accounts :	54,501,270	48,847,465
Premium deposit	12,643,926	16,538,942
Estimated liability in respect of Out standing claims whethers due or intimated	55,630,671	72,170,098
Amount due to other persons or bodies carrying on Insurance business	77,729,975	69,672,826
Sundry Creditors & others Provision	119,525,678	100,597,067
<b>Total Liabilities :</b>	<b>320,031,520</b>	<b>307,826,398</b>

**Net Assets Value : (A-B) 329,928,654 246,689,711**

**Number of weighted average shares outstanding during the year. 20,585,590 1,715,466**

**Net Assets Value Per share 16.03 143.80**

**25.00 Contingent Liability:**

There are certain appeals and applications pending against penal VAT for 3 years (July 1999 to December 2001) and subject to the outcome thereof, contingent liability of the company in respect of disputed additional VAT and penal VAT demanded by VAT authorities.

**Particulars**

	Amount Tk.
Additional VAT	12,266,825
Penal VAT	23,918,583
Miscellaneous Claims	83,810,000
<b>Total</b>	<b>119,995,408</b>

The required provision, if any, in consequence of the pending process of appeals and application will be made in the year(s) of disposal thereof.

**26.00 Miscellaneous Claims Tk 83,810,000**

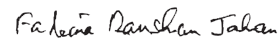
The above claim being Prime's 85% Share in the loss was repudiated by the Executive Committee in the meeting No. 26 held on 06/07/2005. Upon receipt of letter of repudiation from this company, the Insured M/S. Sigma Sea Foods Ltd. Instituted a Money Suit against the leading insurer (Prime Insurance Co. Ltd.) and other Co-Insurer in the Court of Joint Dist. Judge, Khulna. The Claim is now under Subjudice.



**Form "AA"**  
**Classified Summary of the Assets of Prime Insurance Company Limited**  
**as on 31 December 2010**

Sl. No.	Class of Assets	Book Value (Tk)
1.00	National Investment Bond	9,000,000
2.00	Share of Public Ltd. Company	149,328,557
3.00	Fixed Deposits & STD Accounts with Banks	255,210,426
4.00	Cash in hand & in Current Accounts with Banks	2,325,302
5.00	Outstanding premium	22,986,282
6.00	Interest Accrued	12,298,647
7.00	<b>Other assets as specified below:</b>	<b>198,810,960</b>
8.00	Motor car	4,744,299
9.00	Motor cycle	-
10.00	Furniture & Fixtures	297,901
11.00	Air Cooler & Electric Equipment	266,681
12.00	Office Equipment	479,614
13.00	Computer	320,483
14.00	Telephone Installation	-
15.00	Fax Machine & Photocopy Machine	34,688
16.00	Camera & Television	-
17.00	Sundry Debtors	97,693,689
18.00	Amount due from other persons or bodies carrying on insurance business	92,503,444
19.00	Stock of Printing materials in hand (at cost)	1,997,512
20.00	Stamps in hand	472,649
	<b>Total</b>	<b>649,960,174</b>

  
**Ferdous Amin**  
 Chairman

  
**Fatema Raushan Jahan**  
 Director

  
**Mizanur Rahman Mostafa**  
 Director

Place: Dhaka  
 Dated: February 15, 2011

  
**Md. Ezhar Hossain**  
 Managing Director

## Prime Insurance Company Limited

### Schedule of Property, Plant & Equipment As on 31 December 2010

Annexure- A

Particulars	Cost				Depreciation				Written Down Value(WDV)	
	Opening Balance as at 1st Jan. 10	Addition during the year	Disposal during the year	Balance as on 31.12.10	Opening Balance as at 1st Jan. 10	Charge during the year	Adjustment during the year	Balance as on 31.12.10	Balance as on 31.12.10	Balance as on 31.12.09
Motor Car	4,294,500	5,707,636	2,155,824	7,846,312	1,672,350	1,429,663	2,155,824	3,102,013	4,744,299	2,622,150
Motor cycle	1,030,280	-	-	1,030,280	933,080	97,200	-	1,030,280	-	97,200
Bi-cycle	8,000	-	-	8,000	8,000	-	-	8,000	-	-
Furniture & Fixture	8,615,668	313,580	-	8,929,248	8,575,173	56,174	-	8,631,347	297,901	40,495
Electrical Fans	184,301	19,950	-	204,251	178,363	7,496	-	185,859	18,392	5,939.00
Air Cooler	1,356,336	114,981	-	1,471,317	1,305,167	59,793	-	1,364,960	106,357	51,169
Electrical Equipment	715,658	38,075	-	753,733	501,597	110,204	-	611,801	141,932	214,061
Typewriters	739,700	-	-	739,700	739,700	-	-	739,700	-	-
Photocopy Machine	342,869	-	-	342,869	325,470	17,399	-	342,869	-	17,399
Office Equipment	528,501	465,182	-	993,683	399,905	114,164	-	514,069	479,614	128,596
Computer	4,980,899	377,039	-	5,357,938	4,612,795	424,660	-	5,037,455	320,483	368,104
Telephone Install.	3,108,023	-	-	3,108,023	3,108,023	-	-	3,108,023	-	-
Fax Machine	475,065	37,500	-	512,565	452,636	25,241	-	477,877	34,688	22,429
Camera & Television	45,415	-	-	45,415	45,415	-	-	45,415	-	-
<b>Total</b>	<b>26,425,215</b>	<b>7,073,943</b>	<b>2,155,824</b>	<b>31,343,334</b>	<b>22,857,674</b>	<b>2,341,994</b>	<b>2,155,824</b>	<b>25,199,668</b>	<b>6,143,666</b>	<b>3,567,542</b>

## Prime Insurance Company Limited

### Fixed Deposit Receipts with Different Banks As on 31 December 2010

Annexure- B

SL.No.	Name of the Bank	FDR Amount in Taka
1	Arab Bangladesh Bank Ltd	4,000,000.00
2	Al Arafah Islami Bank Ltd	4,300,000.00
3	Bank Asia Ltd	5,500,000.00
4	Bangladesh Industrial Fianance Ltd	18,000,000.00
5	BRAC Bank Ltd	5,000,000.00
6	Dhaka Bank Ltd	5,000,000.00
7	Dutch Bangla Bank Ltd	4,100,000.00
8	Delta Brac Housing Finance Ltd	5,000,000.00
9	Eastern Bank Ltd	1,000,000.00
10	Exim Bank Ltd	15,000,000.00
11	First Secutrity Islami Bank Ltd	2,000,000.00
12	First Lease Finance & Investment Ltd	3,000,000.00
13	Fareast Finance & Investment Ltd	2,000,000.00
14	ICB Islamic Bank Ltd	1,216,000.00
15	IDLC Finance Ltd	1,000,000.00
16	IFIC Bank Ltd	4,500,000.00
17	Islami Bank Bangladesh Ltd	4,500,000.00
18	Jumuna Bank Ltd	5,500,000.00
19	Lankabangla Finance Ltd	10,000,000.00
20	Mercantile Bank Ltd	2,500,000.00
21	Mutual Trust Bank Ltd	1,000,000.00
22	National Bank Ltd	3,500,000.00
23	One Bank Ltd	13,000,000.00
24	Premier Bank Ltd	5,200,000.00
25	Prime Bank Ltd	51,500,000.00
26	Prime Finance & Investment Ltd	16,500,000.00
27	Peoples Leasing	7,500,000.00
28	Rajshahi Krishi Unnayan Bank	1,000,000.00
29	Reliance Finance & Investment Ltd	10,100,000.00
30	Shahjalal Islami Bank Ltd	13,500,000.00
31	Southeast Bank Ltd	3,000,000.00
32	Standard Bank Ltd	1,000,000.00
33	State Bank of India.	1,000,000.00
34	The City Bank Ltd	10,000,000.00
35	United Commercial Bank Ltd	4,000,000.00
	<b>Grand- Total</b>	<b>244,916,000.00</b>



## We & Our Company



**Mohammodi Khanam** has recently joined Prime Insurance as an Additional Managing Director. She expressed her feelings in the following words, "Prime Insurance Company is one of the most promising companies in our country and it is my utmost pleasure and honor to be the new member of the Prime family. The company has also foreseen the future needs of modernization & automation and thus has introduced the online

branch facilities. I am sure with dedication and excellent team spirit of our 'Prime family' and support of our valued Clients, Shareholders and Well-wishers; Prime Insurance Company will soon gain significant growth. My aim is to gain our Clients' trust by providing better service with maximum facility at minimum costs and my simple strategy is to work hard and fair. After joining Prime Insurance Company, now I believe, like the name of the company, together we will always be the 'Prime' insurer to our valuable clients and we will successfully take away all the worries of our clients to ensure the 'Prime' service that they deserve."

**Sujit Kumar Bhowmik**, EVP, In-Charge of Branch Control Department, has been serving the company since 1999. To convey his experience he says, "It is indeed an immense pleasure and a great privilege for me to get an opportunity to express my feelings. Since my joining, I have noticed, company's strength lies on its operational activities. Our growth strategy was endeavored at increasing income diversification and extending the efficient services offered to our customers. Our management team is highly motivated and ambitious to be a market leader. Working relationships at Prime Insurance are based on mutual trust and respect. I feel proud to be associated with Prime family."





**S M Mizanur Rahman** is one of the employees who have been working in Prime Insurance since its establishment. He is a VP and the Branch In-Charge of Khulna Branch. To state his experience of working in the company he says, "I have joined Prime Insurance in 1996 and since then I'm with every gain and loss of the company. I am really grateful towards our Board of Directors as well as the Management Committee. I specially want to express my gratitude towards our Honorable Chairman Mr Fredous Amin for his constant support, guidance and advice. I pray to Almighty Allah for incessant development and success of the company."

**Gouranga Chandra Misra**, EVP, is the Branch In-Charge of VIP Road Branch. To express his attitude towards the company he says, "Since my joining the company I have seen all my colleagues are very cooperative and encouraging. Atmosphere of this company is very familiar. I am very much pleased to serve with highly skilled and educated executives in Head Office and Branches. I feel proud to be associated with Prime Insurance family."



**Anamul Gani Chowdhury** has joined Prime Insurance in 2004. He is an AVP working under Audit Department. In his words "I feel proud to get the opportunity to develop my carrier in Prime Insurance Company Limited. It is really a nice organization having all facilities along with working environment, perfect financial strength, dynamic and qualified Management Team and excellent Board of Directors. All the employees are devoted towards their duties and always try to give their best effort to achieve the Company's goal. I am very glad to get the transparent and modern IT based Information System and Books of Accounts. I hope and believe that Prime Insurance will be one of the best Companies in the Insurance Industry."

**Hasina Begum** has joined Prime Insurance recently. She is working as an Assistant Manager of Administration Department. She expresses her feelings about the company in the following words. "I am one of the new employees of Prime Insurance Company Limited. I am feeling very lucky to be a member of Prime Insurance. The working environment of the Company is really very cooperative. Having a strong Management Committee the Company is operating successfully in the competitive market. I wish ongoing success of Prime Insurance."





## Event Highlights

A view of the Seminar on "SME Banking" where Dr Toufic A Chowdhury presenting his keynote paper and Company Chairman and MD along with the Guest of Honor Mr Khandakar Ibrahim Khaled and Moderator Mr Mujibur Rahman are present



A glimpse of Seminar on "Legal & Technical Aspects of Insurance Encompassing the Principles".



Branch In-Charges with Company Chairman, Director and Managing Director





A delighted view of all awarded personnel of Prime Insurance Co Ltd with the Company Chairman, Director, Managing Director & Deputy Managing Director on the occasion of Annual Branch Conference 2010



A pleasant moment of Annual Picnic 2011 of Prime Insurance Family

Prize giving ceremony of Annual Picnic 2011





# Prime Insurance Company Limited

63 Dilkusha Commercial Area (6th Floor), Dhaka-1000, Bangladesh

## Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of Prime Insurance Company Limited and holder of \_\_\_\_\_  
shares hereby appoint Mr/Ms \_\_\_\_\_  
as my/our proxy to attend and vote for me/us on behalf of me/us at the 15<sup>th</sup> Annual  
General Meeting of the Company to be held on Monday, April 18, 2011 at 11 am at the  
Auditorium of Bangladesh Institute of Administration and Management (BIAM), 63 New  
Eskaton, Dhaka and any adjournment thereof.

Signature of Proxy  
Registered Folio/ BO

Revenue  
Stamp  
Tk 10.00

Signature of Shareholder  
Registered Folio/ BO

Note : The Proxy Form, duly stamped, must be deposited at least 48 hours before the  
meeting at the Company's Registered office.



# Prime Insurance Company Limited

63 Dilkusha Commercial Area (6th Floor), Dhaka-1000, Bangladesh

## Attendance Slip

I hereby record my attendance at the 15<sup>th</sup> Annual General Meeting of the Company to  
be held on Monday, April 18, 2011.

Name of the Member/Proxy \_\_\_\_\_

Registered Folio/ BO ID \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

N.B. Please submit this slip at the reception desk.



# Prime Insurance Company Limited

## Head Office

63 Dilkusha C/A (6th Floor), Dhaka-1000, Bangladesh  
Phone : (+880-2) 956-2512, Fax : (+880-2) 956-6923  
E-mail : [info@prime-insurance.net](mailto:info@prime-insurance.net)