



Fostering core areas **for better tomorrow**

## *2014 ANNUAL REPORT*

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## Letter of Transmittal

All Shareholders  
Bangladesh Securities & Exchange Commission  
Insurance Development & Regulatory Authority  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited and  
Chittagong Stock Exchange Limited

**Sub: Annual Report for the year ended 31 December 2014**

**Dear Sir (s),**

The undersigned has the privilege of forwarding a Copy of Annual Report of Prime Insurance Company Limited together with the Auditors' Report & Audited Financial Statements including Balance Sheet as at 31 December 2014 and Income Statement (Profit & Loss Account) & Cash Flow Statement for the year ended 31 December 2014 along with Notes thereon for your kind information and record.

With thanks.

Yours Sincerely,

Kamal Pasha  
Company Secretary







## Notice of the 19th Annual General Meeting (AGM)

Notice is hereby given to all Members of the Prime Insurance Company Limited that the 19th Annual General Meeting (AGM) of the Company will be held on Monday, the 30th March 2015 at 11:00 AM at the Auditorium of Bangladesh Institute of Administration and Management (BIAM), 63, New Eskaton, Dhaka to transact the following businesses:

### Agenda:

1. To receive, consider and adopt the Directors' Report and Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon.
2. To declare dividend for the year ended 31 December 2014 as recommended by the Board of Directors.
3. To elect /re-elect Directors in place of those who shall retire in accordance with law.
4. To appoint / re-appoint the External Auditor of the Company and to fix their remuneration.
5. To consider post facto approval of appointment of Independent Director(s).
6. To transact any other related business with the permission of the chair.

All Members are requested to attend the meeting on the date, time and place mentioned above.

Dated: 08 March 2015  
Dhaka.

By the order of the Board

**Kamal Pasha**  
Company Secretary

### Notes:

- a. The Record Date is fixed as 4 March, 2015. Shareholders, whose names would appear in the Register of Members/Depository Register on the record Date, will be eligible to attend the Meeting and qualify for dividend.
- b. A Member eligible to attend and vote at the AGM may appoint a proxy to attend and vote on his/her behalf. The proxy form duly filled in and signed by the Member and stamped must be submitted at the Registered Office of the Company at least 72 hours before the Meeting. Proxy Form will be available at the Share Department of the Company.
- c. Shareholders & Proxies are requested to record their entry in the AGM in between 8:00 AM to 11:30 AM on the scheduled Meeting Date. No entry will be recorded before 8:00 AM and after 11:30 AM on the Meeting Date.
- d. Entry to the AGM is reserved only for shareholders or his/her proxy on production of the attendance slip printed with the Proxy Form. No guest and children shall be allowed entrance in the Meeting.
- e. Members may also please note that no gift/gift coupon/food box/benefit in cash or kind shall be distributed /paid at the AGM as per SEC Directives.

# Our Vision

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







## Our Mission

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





## Our Goal

Our goal is to be the top insurer in the Non-life Insurance sector of the country.  
To achieve the goal we aim at

Maximizing  
Insurance  
Coverage at  
a Minimum  
Cost.

Establishing  
a long term  
relationship with  
our clients and  
business partners  
built on  
professional  
service and  
trust.

Maintaining  
strong  
relationships with  
a wide variety of  
partners, like  
re-insurers,  
insurance brokers  
and so on.

Assessing and  
managing our  
business risks  
carefully.

Striving for  
continuous  
improvement  
developing  
performance  
excellence at  
all levels.

Responding  
quickly to new  
opportunities.



## Company Information

Prime Insurance Company Limited is a second generation private sector Non-life Insurance Company. It is a well known, trusted and leading name in the general insurance sector of the country. Prime Insurance Company was incorporated as a public limited company on 21 March 1996 under Companies Act, 1994. It obtained registration from Insurance Development & Regulatory Authority (IDRA) (Former Chief Controller of Insurance), Government Republic of Bangladesh on 31 March 1996. The Company within the stipulations laid down by insurance Act-2010 and directives as received from time to time from Insurance Development & Regulatory Authority to provide Non-life insurance services.

The Company is listed with Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd as a publicly Traded Company. The Company carries its insurance activities through 20 (twenty) on-line branches and one booth spread across the country.

**Name of the Company:**

Prime Insurance Company Ltd.

**Legal Form:**

Public Limited Company

**Certificate of Incorporation:**

C-30448(1664) / 96, Dated : 21-03-1996

**Company Registration No:**

IDRA/NLI/2033/2011-990

**Certificate of Commencement of Business:**

No-22, Dated : 21-03-1996

**Authorized Capital:** Tk.100.00 Crore

**Paid-up Capital :** Tk. 38.93 Crore

**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



## Company Profile



Prime Insurance Company Limited is a prominent General Insurance Company in Bangladesh. The company has specialized and significant expertise in underwriting Fire, Marine Hull, Marine Cargo, Motor, Engineering, Miscellaneous Accident, Shipbuilders Liability Coverage, Hajj & Umrah Insurance, Erection/Contractors All Risk Coverage, Aviation, Health and Medical Insurance etc.

### Certification & Credit Ratings:

Qualifying through sincerity, honesty, hard work & professionalism, Prime Insurance is the first general insurance company in Bangladesh who achieved ISO 9001:2008 certification in the year of 2011 for its Quality Management System and maintaining the position.

As a consequence of the good financial performance, improving solvency position, diversified investment portfolio, high claim paying ability, strong IT infrastructure and experienced top management team, the Credit Rating Information & Services Limited (CRISL) has rated Prime Insurance Company A+ (A Plus) for the year 2013.

Previously in the year 2010, 2011 and 2012 the company was rated A (single A) by the CRISL.

### Awards & Recognition:

The company has achieved a number of award and recognition for improvement in Transparency, Accountability and Governance of the published Annual Report:

- >> "ICSB National Award: Silver Award" for "Corporate Governance Excellence 2013" in the Non-Bank Financial Institution (NBFIs) and Insurance category.
- >> "Certificate of Merit" award under the category Insurance Sector for "Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosure 2013" among the SAFA Countries from "South Asian Federation of Accountants (SAFA)".

- >> "Certificate of Merit" award from "South Asian Federation of Accountants (SAFA)" for "Best Presented Annual Reports 2012" among the SAFA Countries
- >> Third Prize from 14th ICAB National Award for Best Presented Annual Report - 2013, under the Category: Insurance Sector
- >> Third Prize from 13th ICAB National Award for Best Presented Annual Report - 2012, under the Category: Insurance Sector and also for the year 2012
- >> "Certificate of Merit – 2012" as the Best Corporate in General Insurance Sector from the "Institute of Cost and Management Accountants of Bangladesh (ICMAB)",

**Affiliations:**

The Company is affiliated with different Chambers of Commerce; these are: Dhaka Chamber, Canada-Bangladesh Chamber, Bangladesh German Chamber, France Bangladesh Chamber, Dutch-Bangla Chamber and Bangladesh-Malaysia Chamber.

**Mass Awareness:**

In role of Ethical and Corporate Citizen, the company has undertaken steps to increase awareness about the insurance safety in the country. With an aim to create mass awareness on safety and security of life, property and others, Prime Insurance has published a number of publications like:

- >> "Fire Guide Book" on fire protection
- >> "Traffic Guide Book" on traffic rules. In the year 2014 this traffic guidebook has revised by Prime Insurance and also has distributed complementary among the mass people for awareness.
- >> "Health Guide Book" with basic information for the general people so that people can get more conscious on different health issues.
- >> "Hajj & Umrah Guidebook", an informative book to facilitate the holy journey of the pilgrims during Hajj & Umrah.

With an experience of over 18 years, Prime Insurance has contributed significantly to the growth and development of the non-life insurance industry in Bangladesh. And today the company has been recognized as one of the most reputed insurance companies both in National and International arena.





## Our Branches

Division

Branch Name &amp; Location

Head of Branch

Contact No.

Dhaka &gt;&gt;

**Narayanganj Branch**52/1 B.B Road (2nd Floor), Narayanganj  
E-mail: narayanganj-branch@prime-insurance.net**Basudev Chakrabarty**  
Additional Managing Director01713331821  
7631936**Gulshan Branch**Hosna Center (2nd Floor), Suit # 207  
106 Gulshan Avenue, Gulshan # 2, Dhaka  
E-mail: gulshan-branch@prime-insurance.net**Syed Monirul Haq**  
Deputy Managing Director01713331823  
9890263**Mohakhali Branch**G P F – 93 (2nd Floor)  
Mohakhali, Dhaka  
E-mail: mohakhali-branch@prime-insurance.net**M. A. Sattar Howlader**  
Senior Executive Vice president01713331834  
9886177**VIP Road Branch**Paramount Heights, 65/2/1, Box Culvert Road,  
(2nd Floor), Flat # 2C1, Purana Paltan, Dhaka  
E-mail: viproad-branch@prime-insurance.net**Gouranga Chandra Misra**  
Senior Executive Vice President01713331856  
7126311**Principal Branch**12, Dilkushe C/A  
Phoenix Bhaban (3rd Floor), Dhaka-1000  
E-mail: principal-branch@prime-insurance.net**Uttam Kumar Bhowmick**  
Senior Vice President01711628695  
7110924**Rajuk Avenue Branch**Rahmania International Complex (11th Floor)  
28/1-C Toyenbee Circular Road,  
VIP Road, Motijheel, Dhaka-1000  
E-mail: rajuk-branch@prime-insurance.net**Md. Kamrul Hassan**  
Vice President01730785334  
7194043  
7194047



## Division

## Branch Name &amp; Location

## Head of Branch

## Contact No.

## Dhaka &gt;&gt;

**Kewranbazar Branch**

BGMEA Complex Block # B (5th Floor)  
23/1, Panthopath, Link Road, Kewranbazar, Dhaka.  
E-mail: kewranbazar-branch@prime-insurance.net

**K. M. Mostahid**  
Vice President

01713331833  
9126685  
IP- 155, 147

**Bangshal Branch**

121/2 Lutfur Rahman Lane (4th Floor), Dhaka  
E-mail: bangshal-branch@prime-insurance.net

**Md. Mozammel Hossain**  
Vice President

01713331841  
9563197  
9559391

**Motijheel Branch**

72, Dilkusha (4th Floor) C/A, Dhaka.  
Email: motijheel-branch@prime-insurance.net

**A. Z. M Rezwanaul Haque**  
Senior Assistant Vice President

01713331840  
9564100

**Mirpur Branch**

184, Razia Plaza, Senpara Parbata,  
Rokeya Sarani, Mirpur10, Dhaka  
E-mail: mirpur-branch@prime-insurance.net

**Mohammad Mahfujur Rahman**  
Assistant Vice President

01755590769

**Savar Branch**

Biswas Tower (3rd Floor), Baipail,  
Ashulia, DEPZ, Savar, Dhaka.  
E-mail: savar-branch@prime-insurance.net

**Md. Nurul Absar**  
Deputy Manager

01924168744

## Chittagong&gt;&gt;

**Port Branch**

Amin Future Park Limited, 158, B, Nag Lane,  
Goshail Danga Bandar, Chittagong.  
E-mail: port-branch@prime-insurance.net

**Mozammel Hoque Chowdhury**  
Deputy Managing Director

01755597214  
031-714533

**Kadamtali Branch**

Rehat Centre (1st Floor), 295, D. T. Road  
Kadamtali, Chittagong.  
E-mail: kadamtali-branch@prime-insurance.net

**Mainul Islam Chowdhury**  
Executive Vice President

01730358444  
031-2529225

**Agrabad Branch**

Akhteruzzaman Center  
Plot no-21 & 22, 7th Floor, Mouza-Ghosaildanga,  
Double Mooring, Agrabad C/A, Chittagong.  
E-mail: agrabad-branch@prime-insurance.net

**Mozammel Hoque Chowdhury**  
Deputy Managing Director

01755597214  
031-714533

**GEC Circle Branch**

Modina Tower(6th Floor),  
Sakin -805/A CDA Avenue,  
GEC Circle, Thana-Khulsi, District-Chittagong

**Wahidul Islam Kiran**  
Executive Vice President

01755599978

Division	Branch Name & Location	Head of Branch	Contact No.
Rajshahi >>	<b>Pabna Branch</b> A U Center (3rd Floor), Holding # 864, Sonapotty, Dhalpur, Pabna. E-mail: pabna-branch@prime-insurance.net	<b>Md. Mijanur Rahman</b> Senior Executive Vice President	01713331843 0731-64124
	<b>Bogra Branch</b> Tip top Traders (1st Floor), Zilder Market, Ideal School Lane, Boragola, Bogra. E-mail: bogra-branch@prime-insurance.net	<b>Abdul Hal Sarder</b> Executive Vice President	01711860008 051-60960
	<b>Rajshahi Branch</b> Shaheb Bazar, Natore Road, Rajshahi. E-mail: rajshahi-branch@prime-insurance.net	<b>Fazal Mahmud</b> Senior Assistant Vice President	01711855775 0721-775277
Khulna >>	<b>Khulna Branch</b> Nizam Chamber (3rd Floor) 7, Old Jessore Road, Khulna. E-mail: khulna-branch@prime-insurance.net	<b>S.M. Mizanur Rahman</b> Senior Vice President	01714083888 041-731164 041-731420
Barisal >>	<b>Barisal Branch</b> 95, Sadar Road (2nd Floor), Barisal. E-mail: barisal-branch@prime-insurance.net	<b>Abdul Halim Khan</b> Vice President	01713331844 0431-64426
Booth Office >>	<b>Ekuria Booth</b> Hasnabad Super Market, (1st Floor), Room # PQ-D1 Keraniganj, Dhaka. E-mail: ekuria-booth@prime-insurance.net	<b>Kazi Aminur Rahman</b> Assistant Vice President	01713331822





## Credit Rating Report 2013

Credit Rating Information and Services Limited (CRISL) has upgraded the Claim Paying ability (CPA) rating of the company to A+ (Pronounced as only single A plus) from previous rating of "A" (pronounce as single A) based on the audited Financial Statements up to December 31, 2013. The summary of the rating is presented below:

### **Rating: A+**

Date of Surveillance Rating: April 17, 2014

Surveillance Rating- 2013: A+

Rating in- 2012: A

Validity: 1(one) year

CRISL has assigned surveillance rating CPA: A+ (Pronounced as single A Plus) based on the financial strengths up to December 31, 2013 and other relevant qualitative and quantitative information up to the date of rating. This has indicated PICL's good underwriting and good financial performance, improving sound solvency position, good liquidity and business growth, good IT infrastructure, reinsurance arrangement with foreign reinsurer etc.

CRISL also viewed the Company with "Stable outlook" for its steady business growth and policy and regulations implicated by regulatory authority as well as new Insurance Act. CRISL also believes that the company will be able to maintain its fundamental operation in the foreseeable future.



## Chairman's Statement







In the name of Allah, the most merciful, the most graceful

Dear fellow Shareholders,

First, I would like to convey my heartiest gratitude and felicitations on behalf of the Board of Directors for your continued support & cooperation throughout the year which helped us to accomplish strong footing in the business arena.

It is a great delight for me to welcome you all to the 19th Annual General Meeting of the Prime Insurance Company Limited and I am pleased to present the financial performance and achievements of the year ended 2014.

Honorable Shareholders,

Since 2008, global economy has been going through a difficult time. All major economies have been struggling to recover from the global financial crisis, which had a deeper and wider impact on global economy than any previous crisis of this nature. Despite the slowdown, developing Asia remains the fastest growing region in the global economy. With output expanding at an average rate of 5.4 percent in 2012 – 2014, developing Asia's growth is down from a 7.2 percent average in the pre-crisis years, 2000 – 2008. But developing Asia is still growing faster than the rest of the world which is expanding at only 2.4 percent annually. Developing Asia's share in global output has virtually doubled since 2000, and today it makes up approximately one-fourth of the world economy as a whole.

In Bangladesh, the year 2014 had started and passed very well. There was no significant political unrest during this year. We hope that the peaceful environment to conduct business will continue.

I am pleased to announce that the Company has succeeded in delivering sustainable growth in its business, profitability and investments. All the financial indicators show our performances which are given below:

1. We earned a gross premium income of Tk. 550.45 Million as against Tk. 544.94 Million in 2013, showing a growth of 1.01%.
2. Total underwriting profit in 2014 is Tk. 102.99 Million compared to Tk. 97.76 Million in 2013.
3. Total assets of the Company stood at Tk. 1192.31 Million in 2014 from Tk. 1042.96 Million of 2013, showing 14.32% growth.
4. Fixed Deposit position stood at Tk. 406.30 Million compared to Tk. 353.00 Million of the year 2013.
5. Net claim settled of Tk. 19.87 Million which is very high compared to any previous years.
6. EPS stands at Tk. 2.53, which has reduced a bit but not fell flat despite all the challenges faced.



The sustainable growth was possible only because of dedication & effort by all our employees, support from Customers & Shareholders and above all the valuable guidance & monitoring of the Board. I take the opportunity to thank each of them and look forward to receive their constant support throughout the coming year. Inshallah, we will be able to achieve notable business in 2015 if the business environment remains favorable.

### Dear Shareholders

You are aware that in the year 2013, we have invested Tk. 14.49 Crore to purchase commercial floor space measuring 11,500 sft at level 10 of Unique Heights, 117, Kazi Nazrul Islam Avenue, Dhaka. In the year 2014, we have purchased additional floor space measuring 4,236 sft at the same floor of same building at a cost of Tk. 5.30 Crore. Our Head Office is expected to be shifted there by June 2015. Our commercial floor space measuring 15,000 sft at Tropical Molla Tower, Pragati Sharani, Badda, Dhaka will be a source of income, if it is rented out.

In order to achieve Company's vision, Prime Insurance has opened its 20th Branch on March 2014 at GEC Circle, one of the most important areas of Chittagong.

### Dear Shareholders

World is moving fast with technological development. To keep up with this progressive digital world, Bangladesh Government has taken initiatives to digitalize the country through technological uses and developments. Prime Insurance is also moving forward with its technological advancement which are as follows:

**Document Management Software:** We have introduced Document Management Software to reduce the paper based works which also serves our concerns towards our environment.

**Mobile Phone Application:** In 2014, Prime Insurance had developed a Mobile App, the first Insurance Company in Bangladesh to launch such App. Through this App, our clients are getting necessary services and information from our Company.

**CRISL Rating:** The Company has been rated as Grade A+ Company in the year 2014 by the Credit Rating Information and Services Limited (CRISL). This rating has been assigned in consideration of its good financial performances, improving solvency position, diversified investment portfolio, high claim paying ability, strong IT infrastructure and experienced top management.

**Achieving Awards:** I am proud to announce that recently the Company has been conferred a number of awards and recognition at home and abroad. In the year 2014, the Company achieved "Certificate of Merit" Award from South Asian Federation of Accountants (SAFA) for Best Presented Annual Reports 2013 and also received the "14th ICAB National Award 3rd Prize" for Best Presented Annual Reports 2013 under the category of Insurance Sector. During this year, the Company also won ICSB Corporate Governance Excellence Award 2013 and received Silver Trophy in the category of Non Banking Financial Institutions & Insurance Companies.

In the year 2013, the Company also achieved "Certificate of Merit" Award from South Asian Federation of Accountants (SAFA) for Best Presented Annual Reports 2012 and also received the "13th ICAB National Award 3rd Prize" for Best Presented Annual Reports 2012 under the category of Insurance Sector. The Company also achieved the Certificate of Merit – 2012 as the best corporate in the general insurance sector from ICMA. These awards recognize the improvements in Transparency, Accountability & Corporate Governance for the best presented Annual Report of our Company.

Good Governance: I would like to restate that our Board maintains its effective role in policy formulation and discharging best possible Corporate Governance. The Board has always remained focused on maximizing shareholder's value through formulating policies and guidelines towards ensuring sustainable profitability, minimizing risks and establishing good governance in all spheres of company's operation. And the Management of the Company highly prioritizes Corporate Governance.

**Respected Shareowners,**

I would like to conclude by conveying my thanks and appreciations to our valued business partner clients & respected shareholders for their trust, support and encouragement, our dedicated members of management team & all levels of employees without whom our success would not be possible.

I would like to extend our gratitude to the Ministry of Finance, Government of Bangladesh, Insurance Development & Regulatory Authority (IDRA), Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and all other regulatory authorities for their valuable guidance, support & cooperation.

I would also like to take this opportunity to express my sincere appreciation to my fellow Board Members for their support, sound advice and guidance throughout the year.

I strongly believe and hope that like the past year, together we will also march towards a bright future.

May the mercy, peace and blessing of the Almighty Allah, the possessor of great bounty, be upon us.



**Md. Zakiullah Shahid**  
Chairman



## CEO'S Roundup







### Dear valued Shareholders

At the outset I would like to extend our deepest gratitude for your continuous support for Prime Insurance Company and I am pleased to present you the Annual Report 2014 of Prime Insurance Company Limited.

The economic volatility over the previous years have had a major effect on how financial companies operate today. The prolonged economic crisis of the past few years has had a major effect not only on the global economy but also on our national economy through lower business growth opportunities.

The world economy is showing signs of turnaround this year pulled along by a recovery in high income economies but still it remains challenging for trade and commerce to expand. The International Monetary Fund lowered its 2014 global economic growth forecast and projected global growth of 3.4 percent for this year, down from its April estimate of 3.7 percent. The continuous cycle of violence and armed conflicts in the Middle East, Ukraine, Libya and other regions has again created uncertainties in the financial sector and world commodity markets.

In spite of the changing circumstances, Prime Insurance Company Ltd has maintained its business progress with shrewd and meticulous planning and has achieved its annual target for the fiscal year 2014. Based on our sound financial strength, improved solvency, good liquidity and business growth the company has been assigned credit Rating "A+" by CRISL for the year 2013 from an assigned credit Rating of "A" for the year 2012.

Our commitment to sustainability through our inventive and diversified products, innovative IT infrastructure and software solution through development of mobile applications designed to make the settlement of claims quick and expeditious, reinsurance arrangement and liaisons with notable reinsurers such as Trust Re. of Bahrain, GIC of India and Malaysian Re. of Malaysia continues to reinforce all our efforts. As evidenced by the financial snapshot provided below, I am proud of the progress we have made in such difficult times. It would have been immensely difficult to achieve our goals without the support from our valued customers, tenacious staff and the guidance from our board of directors.

Getting to the financial details, we have provided a snapshot of our key financial indicators on page 48. We have kept our promise and achieved a business growth of about 1.01% and increased our net profit by 13.69% to a total of Tk. 98.35 million in 2014. Our net premium income increased by 20.50 % to a total of Tk. 249.77 million. We have experienced a strong 1.01% growth in our gross premium income and we sincerely believe a steady growth in our gross premium income will ensure to sustain our future development outlays. This performance has enabled us to maintain a robust dividend policy and ensure greater returns for our investors as depicted by our EPS of Tk. 2.53 and steady growth in shareholders return. We are grateful for the support you have shown us in 2014 that allowed an expansion of our ordinary equity base to Tk. 389.31 million compared with Tk. 338.53 million in 2013 showing a growth of 15%. The current outlay of Tk. 19.87 million as net claim settlements clearly depicts our capability and proficiency of service.

Prime Insurance understands the changing needs and demands of the people. Hence we always strive to contribute significantly to the growth and development of the non-life insurance industry in Bangladesh and provide assurances to businesses and members of the public alike. We have updated our existing policies and introduced new covers to address this changing public needs.

In the year 2014, we have launched two new products: Hajj & Omrah Insurance and Group Health Insurance for accidental coverage and sudden sickness. The core concept for these covers have been taken from notable foreign companies and thereafter modified to satisfy the suitability criteria of the Bangladeshi clients.



Furthermore, in our role as a responsible and ethical corporate citizen, we have undertaken steps to increase awareness about the insurance safety in the country. With an aim to create mass awareness on safety and security of life, property and others we have published Health Guide Book with basic information for the general people so that people can get more conscious on different health issues and also brought out an informative book on Hajj & Omrah to facilitate the journey of the pilgrims. Lastly, we have published the second edition of "Traffic Guidebook" with more and updated information on traffic rules and regulations for ensuring the road safety. All these publications are distributed free of cost as our commitment to improve the overall safety and security of our clients and general public alike. Also we have arranged several trainings on "Vehicle Maintenance and Traffic Rules" to ensure the road safety.

Considering the changing needs and the challenging scenario of financial sector, we have taken the pioneering initiative and organized a daylong seminar on "Banking Business Protection & Insurance" for the professionals of bank and other financial institutions. Also, we have introduced a 'Banker's blanket bond' policy in support for our awareness campaign. The policy covers risks such as any forgery, fraudulency by employees/third parties, Cyber Crime, Professional Indemnity of the Bankers and Directors & Employer's Liability.

We at Prime Insurance believe in upholding a high quality of service not just in our core business operations but in every ancillary aspect of the company. As such we are committed to make sure that our financial reports are always transparent, clear and informative for all relevant stakeholders of the business. In this regard, I am delighted to announce that we have continued from our achievement in the previous year and ranked 3rd and achieved "ICAB National Award" for the best presented Annual Report of the year 2013, under the category "Insurance Sector" and has achieved "Certificate of Merit" award from "SAFA" (South Asian Federation of Accountants) for Best Presented Annual Reports 2013 under the Insurance Category as well. We hope and will make every effort to continue to uphold this standard in the future.

In the current year we have tried our utmost to provide requisite numerical and text information in Annual Report-2014. We hope the information provided assists our stakeholders in the process of the assessment of capital adequacy, asset quality profitability liquidity, corporate governance and market share, contribution to a national Exchequer, corporate social responsibility, risk management, regulatory compliance and disclosure.

We sincerely hope our nation as well as the global economy takes a turn for the better. However, we feel adequately prepared for whatever challenge the future holds. Our commitment to sustainable growth through carefully thought out planning, our crucial presence in the Central Rating Committee, our strategic partnerships with other organizations as well as the introduction of innovative and competitive covers should allow us to continue this progress.

In conclusion, I would like to express my sincere thanks and profound gratitude to our valued shareholders, business partners, clients, all regulatory bodies including IDRA and everyone at the Prime family and the ambitious and equally outstanding members of the Board of Directors who have provided us with support and guidance that has enabled us to march forward with confidence.



Mohammodi Khanam  
Managing Director



## Board of Directors

Md. Zakiullah Shahid	Chairman
Alhaj Abdul Gaffar Dubash	Vice-Chairman
Nazma Haque	Director
Qazi Saleemul Huq	Director
Ferdous Amin	Director
Md. Shah Alam	Director
Shah M Hasan	Director
Abu Hasan Khan	Director
Mahanur Ummel Ara	Director
Dil Ara Begum	Director
Dr. Fatema Raushan Jahan	Director
Saheda Pervin Trisha	Director
Gole Afroz Banu	Director
Nilufar Hossain	Director
Rahela Hossain	Director
Hasina Khan	Director
Tahera Akhter	Director
Sabiha Khaleque	Director
A Z M Sazzadur Rahman	Independent Director
Captain Akram Ahmed (Bir Uttam)	Independent Director





## Directors' Report

Bismillahir Rahmanir Rahim

Honourable Shareholders,

Assalamu Alaikum

On behalf of the Board of Directors, I have the immense pleasure to welcome you all to the 19th Annual General Meeting (AGM) of the Company and to present before you the Directors' Report and Audited Financial Statements together with Auditors' Report for the year ended 31st December 2014, wherein a brief description of the Company's performances, future prospects and various aspects of world market trend with highlights of the performances of Bangladesh Economy has also been incorporated. The AGM may be treated as a Corporate Parliament, where the shareholders exchange views, passes valuable opinions & future guidelines for the continued growth of the Company. The Company gets benefited for getting fresh and new ideas from each and every AGM. That is why, we always give utmost importance in arranging the AGM.

### Global Economic Scenario

Regional GDP in **South Asia**, measured at market prices, grew an estimated 4.7 percent in 2013, down from 5.0 percent in 2012. Regional growth in 2013 was 2.6 percentage points below average growth in 2003-12, mainly due to subdued manufacturing performance and a sharp slowing of investment growth in India. Pakistan's growth is estimated to have remained broadly stable notwithstanding fiscal tightening, but remains significantly below the regional average, due in part to

energy supply bottlenecks and security uncertainties. India's exports received a boost from steep currency depreciation during the second half of 2013, after the U.S Federal Reserve's "taper talk" in late May 2013. A sharp current account adjustment (from a deficit of nearly 5 percent of GDP in Q2 2013 to 0.2 percent of GDP in Q1 2014) was achieved mainly through efforts to curb imports. In the rest of the region, as demand from high-income countries improved, exports in Bangladesh and Sri Lanka grew rapidly. Bangladesh's export growth, however, slowed in Q1 2014, partly due to the lagged effect of political unrest. Pakistan's exports slowed more sharply, reflecting in part pervasive electricity and natural gas shortages.

Inflation in the first quarter of 2014 was above 7 percent (y/y) in Bangladesh, Pakistan, India and Nepal, reflecting structural capacity constraints and persistence of food inflation. Despite some consolidation, fiscal deficits remain high. India's general government deficit, despite falling in recent years, is still more than 2 percentage points of GDP higher than in 2007, indicating that depleted fiscal buffers have yet to be fully restored. In Pakistan, fiscal restraint has reduced the deficit from over 8 percent of GDP in FY2011-12 to an estimated 6 percent of GDP in FY2013-14. However, sustaining fiscal consolidation could prove challenging as revenue mobilization in the region remains weak, while subsidies for fuel, food and fertilizers impose substantial pressure on the expenditure side. Measures to gradually reduce subsidies, and to raise revenues by simplifying the tax system, broadening the tax base, and improving compliance, can help to reduce deficits. Capital flows to



the region have grown steadily since the mid-2013 financial turmoil. Growth in remittances slowed in 2013, but remittances continue to provide support to consumption and external balances in most countries in the region.

Growth in the **East Asia and the Pacific region** continues to slow to a more sustainable level, with output expanding at 7.2 percent in 2013, only slightly down from 7.4 percent in 2012, but about 2 percentage points slower than the region's pre-crisis average. In China, GDP grew by 7.7 percent in 2013, the same pace as in 2012, but well off its pre-crisis pace, which reflected the offsetting influences of growth support measures and administrative tightening introduced to rebalance the economy away from credit-fueled capital investment. Elsewhere in the region, trend growth has, thus far, been resilient to sharply slower Chinese growth in the post-crisis period, but growth slowed in 2013 in a number of large ASEAN countries, reflecting domestic adjustment in Indonesia and Malaysia, compounded by political instability in Thailand. Growth in the other economies of the region was slightly higher or broadly unchanged. Domestic adjustment has continued into 2014 as reflected in weak first quarter output growth across the region. There are, however, signs of strengthening of economic activity in the region reflecting growth supporting measures in China, easing of domestic adjustment in large middle-income economies of the region and a pick-up of global demand for exports.

Policy tightening partly prompted by tightening financing conditions during the mid-2013 financial market turmoil, led to a decline in investment and imports, while private consumption remained resilient, with the notable exception of Thailand, and exports started to rebound led by a pick-up in global recovery. Net exports emerged as a positive contributor to regional output growth in 2013. This, combined with domestic adjustment, has helped reduce vulnerabilities. In particular, current account balances have improved (Indonesia and Thailand), real credit growth started to moderate towards more sustainable rates across the region, and price pressures have eased (Indonesia). Improved fundamentals, combined with increased global risk appetite contributed to a rebound of capital flows to the region. Indonesian Rupiah and Thai Baht, two regional currencies that had been hardest hit during the mid-2013 financial market turbulence, began recouping their losses in early 2014 although they remain weaker than a year ago in both nominal and real effective terms.

Similarly, stock markets recovered in early 2014, but several remain well below their levels a year ago (especially Indonesia and Thailand). Borrowing costs have also eased.

A modest recovery in the developing **Europe and Central Asia region** remained on track in the first quarter of 2014, despite headwinds from global financial turbulence since late January and the ongoing geopolitical tension between Russia and Ukraine.

Industrial output accelerated to an annualized rate of 12 percent in March in the developing Central and Eastern Europe sub-region, notably Hungary and Romania, helped by rising exports to the Euro Area. In Turkey, industrial output continued to expand in the first three months of the year, helped by strong export growth. But momentum has slowed and weakening business and consumer confidence point to softening domestic demand ahead. In addition, higher inflation and past currency weakness are constraining private consumption and investment. Among the developing Commonwealth of Independent States (CIS), slowdown in key trading partners, geopolitical tensions, declining metal and mineral prices and domestic capacity constraints have slowed growth in 2014. Growth in Kazakhstan and Azerbaijan moderated with new delays in bringing additional oil production capacity on-stream. In Ukraine, escalating tensions with Russia and domestic political instability contributed to a 12.5 percent contraction in Q1 GDP. Gross capital flows to the region halved in February but have since rebounded strongly led by a surge in bond issuance. However overall flows remain 42 percent lower than the same period last year and equity flows remain negligible.

Growth remained broadly flat in **Latin America and the Caribbean** in 2013, reflecting stable or declining commodity prices, the continued slowdown in China, the drop in first quarter US GDP growth and domestic challenges. The regional weakness carries over from 2013, weighing on merchandise exports in a number of countries. First quarter data for Brazil, Mexico and Peru was also weak reflecting a variety of influences including the weather-related decline in US GDP, the Chinese slowdown, and the recent tax increase in Mexico.

Despite the few weak outturns in the first quarter, industrial activity in early 2014 suggests a pickup in regional growth. Depreciations of regional currencies in the wake of the United States announcement of tapering intentions in May 2013 have persisted in 2014,



with key currencies all remaining below their April 2013 level. Despite the mid-2013 financial volatility, gross capital flows to the region have increased, especially into domestic bond markets.

While still generally low across the region, inflation, being imported through depreciated exchange rates, has also been elevated in a handful of countries. Monetary tightening in Brazil to contain such inflationary pressures continued through the second half of 2013, and contributed to the ongoing slowdown and dampened growth in regional trading partners. In many countries, fiscal and monetary policies remained accommodative in an effort to support growth.

The developing countries of the **Middle East and North Africa region** are experiencing a recovery in 2014, following a 0.1 percent contraction in 2013, on the back of domestic and regional turmoil and weak external demand. Recovery in oil production, industrial activity and exports is contributing to the pick-up in growth this year. This modest upturn, however, remains fragile and well below the region's potential as structural reforms needed to spur growth, lower unemployment and alleviate poverty remain unaddressed. Security challenges in several countries are a key source of instability. Fiscal and external accounts remain weak and are benefiting from the exceptional official support from the high-income Gulf Co-operation Council (GCC) countries.

In oil-importing developing countries, economic activity is stabilizing, but the recovery remains fragile. Strong growth in the first half of 2013 was offset by a sharp drop in the second half such that growth in oil-importers rose, on average, by just 0.2 percentage points to 2.7 percent in 2013. Exports in several Mediterranean economies are rebounding due to the recovery in the Euro Area during 2014. While activity has picked up from low levels in Egypt, in Lebanon spillovers from the conflict in Syria continue to depress activity, exports and sentiment. In oil-exporting developing countries, growth has been highly volatile, with GDP contracting by 1.8 percent in 2013, reflecting production setbacks in Libya and Iraq, sanctions in Iran, and civil war in Syria. However, oil output now appears to be recovering, averaging 7.7 million barrels per day (mb/d) in Q1 2014, due to rebounding production in Iraq, the region's largest producer. However, output is still below the 2013 average and the pre-Arab Spring average.

Economic activity was robust in much of **Sub-Saharan Africa** in 2013. GDP growth in the region strengthened to

4.7 percent in 2013, up from 3.7 percent in 2012, supported by robust investment in the resource sectors and public infrastructure. However, domestic constraints and a tightening global environment will moderate growth in the medium term.

Fiscal and current account deficits have widened across the region. Ambitious public investment programs, large increases in public wages and rising transfers and subsidies, coupled with weak revenues, as a result of weak commodity prices, have contributed to the deterioration of fiscal balances in many countries. In Zambia, for example, civil servants' salaries were increased by a record 45 percent in 2013, putting public finances on an unsustainable path. Partly as a result of rising fiscal deficits, the debt to GDP ratio remained elevated in many countries as government borrowing has risen. Among low-income countries, government debt rose to 43.3 percent of GDP in Mozambique and to 82.1 percent of GDP in the Gambia in 2013. Among middle-income countries, the debt-to-GDP ratio rose to 45.9 percent in Senegal, 60.1 percent in Ghana, and 95.0 percent in Cabo Verde, raising concerns about fiscal sustainability going forward and highlighting the need for fiscal consolidation to rebuild fiscal buffers.

As the United States began to taper its asset purchase program this year, the currencies of South Africa and other frontier market economies, including Ghana, Nigeria and Zambia, came under intense pressure and short-term capital inflows to Sub-Saharan Africa declined significantly, suggesting changing investor sentiment toward the region. In this environment, Zambia undertook the region's first sovereign debt issuance of the year, raising \$1 billion through the sale of 10-year dollar-denominated bonds priced at 8.6 percent, compared with 5.3 percent on its maiden bond issuance in 2012. The increased cost of borrowing reflected not only falling investor demand for frontier market debt but also country-specific risks, including concerns about the country's rising budget deficit.

### Bangladesh Economy:

The world economy as a whole has been passing through significant recession and turbulent business environment. Bangladesh economy, being a part of the global economy, is not an exception.

Still, Bangladesh is a Country with enormous potential to grow faster than any other Least Developed Countries (LDCs) of the World. Its strategic geographic location



has made it an attractive destination for the ancient merchants as well as the modern multinationals. This is because Bangladesh is located at the middle point of two fastest growing economic superpowers China and India. These two countries have about 2.6 billion populations having increasing purchasing power.

Bangladesh has a domestic market of about 150 million consumers. It would be very much cost-effective to produce a product in Bangladesh and market it to India, China, and other countries under the SAARC and other international duty-free arrangements. Besides, all Bangladeshi products (other than armaments) enjoy complete duty and quota-free access to developed countries including the member-states of the European Union, Japan, Canada and Australia. Bangladesh has bilateral agreements with 28 countries to avoid double taxation.

Bangladesh is the 2<sup>nd</sup> largest exporters of the apparels in the world. Bangladesh has diversified potential sectors like agro-based and agro-processing industry, human resource export, ship-building, renewable energy, tourism, basic chemicals/dye and chemicals, information and communications technology (ICT) and ICT-based service, ceramic, leather, pharmaceuticals, readymade garment industry, innovative and import substitute industry and cosmetics and toiletries, etc. for local/foreign investment.

Bangladesh is an emerging economy with a GDP of US\$ 325 Billion (PPP) and a per capita income of more than US\$ 2100 (PPP). Despite the recent global economic recession, Bangladesh has maintained a steady Annual GDP Growth of over 6%. The Government has set an ambitious goal to become a middle income country by 2021. This is an achievable goal and we should also recognize the challenges.

The Bangladesh Economic Review 2013-2014 shows that the current growth rate of public investment is higher than that of the private sector. Does it mean that the private sector has limited capacity to invest? Many experts say that the private sector is taking time to take decisions regarding investment due to current political instability, unrest and violence in the country. Without a stable democratic environment, it is quite difficult to ensure expected return on investment. Therefore, both local and foreign investors are observing the situation before investing in Bangladesh. Cost of wages and other factors of production in many developing countries, including China, India, Singapore and Korea, are rising

rapidly. As a result, investors are considering relocation of factories in a suitable destination. Bangladesh could be the best option if we could overcome a few barriers of investment existing in the economy.

The first and most difficult barrier to investment in Bangladesh is political instability. Absence of dialogue and compromising tendency among the parties has made the situation more complex. Without a stable and truly democratic situation, the investment climate will not improve. At the same time, local investors will go for investment of their money abroad.

Corruption is the second biggest barrier of investment in Bangladesh. Recent corruption cases like Hall-Mark, Bismillah, Destiny, etc. have damaged confidence for investment in the country. Bureaucratic complexities in getting regulatory permission and required certification are frustrating the small and medium entrepreneurs. Big entrepreneurs could manage bureaucracy through political pressure or offering bribes but small and medium entrepreneurs are facing trouble in this regard. Law-enforcement agencies, regulatory agencies, including police and Customs, have to be pro-business. Currently, small businesses are being hampered by a dishonest section of these agencies.

The political landscape was marred by violence in early 2013-2014 when a war crimes tribunal set up by the Government of Prime Minister Sheikh Hasina Wajed to investigate and punish human rights violations during the war for independence in 1971 handed down its verdicts. The political volatility comes, however, in the context of overall economic and social gains of the past decade. Use of Internet & ICT has improved massively, life expectancy has increased by 10 years, infant mortality has declined by nearly two-thirds, female literacy has doubled, and economic growth has averaged over 5 percent annually. Yet Bangladesh remains one of the world's poorest nations. The majority of its people work in agriculture and garment manufacturing accounts for over 90 percent of export earnings.

Despite some progress, significant bureaucratic impediments to entrepreneurial activity and economic development persist. The labor market remains underdeveloped, and enforcement of the labor codes is ineffective. The informal sector continues to be an important source of employment. The government maintains an extensive system of price controls and subsidies for basic food staples, fuels, fertilizers, and electricity.



The individual income tax rate remains at 25 percent, and the corporate income tax rate is 45 percent. Financial institutions and mobile phone operators are taxed at higher rates. Other taxes include a value-added tax (VAT). Overall tax revenue has risen to 9.9 percent of GDP. Government spending has fallen slightly to 16 percent of the economy. The government has raised taxes on mobile phones to cover food subsidies.

Bangladesh has a relatively high 13 percent average tariff rate due to its reliance on tariff revenue to finance the government. Regulations affecting investors can be non-transparent and burdensome. Amendments to the Bank Companies Act, intended to strengthen the independence of the central bank and reduce special treatment of the state-owned commercial banks, were passed in 2013.

The World Bank has launched the Enterprise Survey in Bangladesh to assess the business environment and investment climate barriers that limit economic growth. The survey is part of a global project in South Asia and would include interviews with over 1550 manufacturing and services companies. The survey results along with additional information from other studies constitute a source of policy recommendation for government to promote investment, productivity and economic growth.

In a recent report (October 2014), World Bank (WB) has suggested Bangladesh to attach priority in 4 major areas to achieve higher and sustainable growth in the GDP, which is required to promote the country into middle income within stipulated time. The 4 areas include RMG, Road Infrastructure, Public Private Partnership (PPP) & Special Economic Zones. The report acknowledged the progress in the fields of politics and economy after 5 January 2014 National Election and suggested that the efforts of development need to be further consolidated in the near-term by sustaining GDP and remittances growth recovery, creating jobs, containing inflation and making progress on improving the quality of service delivery in health & education. At the same time, WB said the quality of public investment needs to be substantially enhanced to alleviate the infrastructure constraints on private investments and to expand service delivery. The WB already upgraded the GDP forecast to 6.2 percent for the current 2014 – 2015 financial year, attributing the progress to the political stability, which was achieved through the last general election.

The Corporate sector of Bangladesh has been operating under the above scenario. Therefore, operating a business sustainably and successfully is quite a challenging task.

### Insurance Industry in Bangladesh

Bangladesh has a history of insurance industry aging about a century. Before liberation, about 75 insurance companies including 10 locally incorporated ones had insurance business in East Pakistan. After liberation, all the insurance companies of this area were nationalized under the control of 5 insurance corporations through Bangladesh Insurance (Nationalization) Order 1972. These are: Jatiya Bima Corporation, Teesta Bima Corporation, Karnaphuli Bima Corporation, Rupsa Jiban Bima Corporation and Surma Jiban Bima Corporation.

In 1973, government decided to separate the two major sectors of insurance – life insurance and general insurance. At that time, government formed Jiban Bima Corporation (JBC) to take over the undertakings of life insurance activities and Shadharan Bima Corporation (SBC) to deal with general insurance activities.

As the single state-owned institution to handle all types of general insurance business in Bangladesh, SBC did 100% of the business until 1984. Through the Insurance (Amendment) Ordinance 1984 and Insurance Corporations (Amendment) Ordinance 1984, the government allowed operation of insurance companies in the private sector. In 1990, the government further allowed private sector insurance companies to underwrite 50% of public sector business and the remaining 50% was kept reserved for SBC. Private insurance companies were also given option to insure 50% of their re-insurable business with any local or foreign insurance companies. SBC distributes 50% of all public sector insurance businesses to private general insurance companies on an equal basis.

Thereafter, some more changes have been incurred in the insurance industry of Bangladesh. The circular (No. 21/21/98-376 dated 12 March 2007) of the Chief Controller of Insurance regarding mandatory credit rating for the insurance companies is considered to be the most effective breakthrough in the sector. According to the direction, all insurance companies were instructed to get credit rating with effect from 2007. Although the rating of insurance companies is a new phenomenon in the rating industry in Bangladesh, it experienced



tremendous response from the market participants including the insurers themselves. Many of the good rated insurance companies, particularly upper investment grade entities, started using the rating as a 'marketing tool'. They are also trying to improve their position based on report of the rating agencies.

After the inception of the general insurance industry of Bangladesh in private sector in 1984, a good number of insurance companies have been emerged in the small economy resulting in a competitive position. In general insurance sector, private insurance companies came into the economy in 4 phases – in 1985, the first group of insurance companies (16 No.) started functioning. In 1996, the second group (8 No.) and in 2000, the third group (19 No.) of general insurance companies: total 43 companies. Upto December 2013, there were 60 insurance companies operating in the private sector in the country, out of which 43 are general insurance companies and 17 are life insurance companies. ALICO (newly named Metlife Alico) is the only foreign company operating in Bangladesh. In the year 2014 (4<sup>th</sup> phase), the Government has given approval to operate 2 general insurance company and 13 life insurance company. As of now, total number of insurance companies in the private sector stood at 75, out of which 45 general insurance company and 30 life insurance Company.

The first private sector insurance company started transacting business in July 1985. In 1986, the total premium income of the private sector insurance companies was Tk. 28 crore (Life: Tk. 10 crore + General: Tk. 18 crore) representing 16.37% of the total premium income of Tk. 171 crore (Life: Tk. 47 crore + General: Tk. 124 crore). In 2013, with in a period of 27 years, the premium income of the private sector insurance companies rose to Tk. 7,734 crore (Life: Tk. 6,007 crore + General: Tk. 1,727 crore) which represents 70% of the total country's premium income of Tk. 10,994 crore (Life: Tk. 9,070 crore + General: Tk. 1,924 crore). This indicates the spectacular growth of the insurance industry over the years and it clearly demonstrates the dynamism of the private sector insurance companies and their capacity to provide unparalleled professional service to the insurance community of Bangladesh.

Although insurance industry plays an important role in the economy, insurance industry has not gone through desired regulatory changes compared to banking industry. However, steps have been taken by the Government to bring timely changes for better

supervision of insurance industry. After lengthy process of review and discussion, Bangladesh Parliament on 3 March 2010 passed two insurance laws to further reinforce the regulatory framework. The new laws Insurance Act 2010 and Insurance Development and Regulatory Authority (IDRA) Act 2010 came into effect on 18 March 2010.

The Insurance Act 2010 has been enacted to update the provisions of Insurance Act 1938. The IDRA Act 2010 has also been formulated with a view to synchronizing the functions of the existing Department of Insurance with the spirit of newly enacted Insurance Act 2010 to maintain proper control & supervision of the sector and protect the interests of policy holders & beneficiaries under the insurance policy.

Until 2010, the Department of Insurance as the regulatory & supervisory authority under Ministry of Commerce administered the insurance industry of Bangladesh by Insurance Act 1938 and Insurance Rules 1958. The IDRA, as the new regulatory body under Ministry of Finance started its journey on 26 January 2011 with the vision to establish the insurance industry as the premier financial service provider in the country.

Since inception, IDRA has confronted with many challenges namely excess commission, tariff rate violation, business on credit, lack of transparency etc. In order to bring discipline and stability in the industry, 11 regulations/rules have been framed e.g. Fund Management Regulations 2011, Fit & Proper Test of Person for Appointment of Chief Executive Officer Regulations 2012, Fees for Licensing of Branch and Office of Insurers Regulations 2012, Fees for Registration Rules 2012, Central Rating Committee Regulation 2012 etc. Few more regulations/rules are in the pipeline. IDRA has already issued 43 circulars giving different instructions to follow.

The Government and the IDRA should continue their efforts to contribute much in their respective areas for the development of insurance industry. The Government will have to take steps for formulation of policies conducive to the life and non-life insurance business. The Government has already approved **National Insurance Policy 2014** and issued a gazette notification on 11 June 2014. The Regulatory Body should guide insurance companies to execute the policies of the Government and compliances of Insurance Act 2010. The Bangladesh Insurance Association (BIA) will have to cooperate whole heartedly in running the life and non-life insurance



business smoothly complying with the rules/regulations of Insurance Act 2010 and the insurance companies will have to take the responsibilities of running the business effectively and properly.

### Our Business

Prime Insurance Company Limited started its journey on 31 March 1996 with a vision to be one of the premier non-life insurance companies in Bangladesh. With the passage of time, the Company has diversified its business and provides its business partners with best possible quality of faster service.

The Company started its business with a paid up capital of Tk. 60 Million against authorized capital of Tk. 250 Million being sponsored by a group of renowned business personalities and reputed industrialists of the country having involvement in diversified business. Meanwhile, to accelerate our business, we have raised our authorized capital to Tk. 1,000 Million in the year 2010. Paid up capital has been enhanced to Tk. 389.31 Million as on 27 March 2014.

The Company went into Initial Public Offering (IPO) in the year 2000. The shares of the Company are traded on both the Stock Exchanges DSE & CSE and are listed in the "A" Category. The Company is financially sound and has been declaring dividend during the last 7 years continuously.

Our strategic objective is to be one of the top institutions in terms of product and service, cost efficiency, market share, corporate governance, corporate culture and so on. Over the years, Prime Insurance has established its track record as a sound & dependable insurer, providing insurance solution to the individual needs of its clients and consistently meeting its commitments. We try to maximize insurance coverage at a minimum cost and provide our clients with professional and expert services.

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 various valued Shareholders, Stakeholders, Sponsors, Regulatory Bodies and most of all our Clients.

### Our Principal Activities

Since its inception in 1996, Prime Insurance has been working hard to contribute to the National Exchequer of

the country. The principal activities of the Company are providing any type of Non-life Insurance coverage and related businesses. The services the company provides are Fire, Marine, Motor, Engineering, Aviation and Miscellaneous Insurance. In the year 2014, the Company introduced some new products, such as Health Insurance Policy, Overseas Medi-claim Policy, Hajj & Umrah Travel Policy and so on. At present, through 20 Branches covering Dhaka, Chittagong, DEPZ and other important business areas, Prime Insurance is serving its clients all over the country.

The Management is dedicated to maintaining the highest standards of integrity and sound dealing relationships with all stakeholders, which include customer intermediaries, employees, shareholders and business partners. In every action, Prime Insurance Company seeks to make a positive contribution toward community activities and is committed to perform in a socially responsible manner. With technical expertise in the field of non-life insurance, Prime Insurance Company offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, engineering and other non-traditional businesses.

### Strategy

2014 was a significant year for the history of Prime Insurance Company Limited. Over the past year, we have remained focused on increasing the profitability of the Company through accelerating business drive and expanding business system. The execution of our core strategy- to provide faster and quality service towards our clients has been strengthened. However, we have also begun to expand our networks by opening new branches in different important business areas around the country.

### Business Review

- In 2014, the company has earned Gross premium of Tk. 550.45 Million as against Tk. 544.94 Million in 2013.
- Total underwriting profit in 2014 is Tk. 102.99 Million compared to Tk. 97.76 Million in 2013.
- Net Claims paid is Tk. 19.87 Million in 2014, which was Tk. 19.78 Million for the Year 2013.
- Investment & other income is Tk. 60.39 Million in 2014 while it was Tk. 51.30 Million in 2013.



## Financial Analysis

### Gross Premium Income

In 2014, Prime Insurance Company achieved gross premium of Tk. 550.45 Million against Tk. 544.94 Million of 2013.

### Class wise Premium

#### Fire

In the year 2014, gross premium income increased from fire insurance alone by 1.00% from Tk. 164.27 Million in 2013 to Tk. 165.69 Million in 2014. The net premium income from fire insurance business stood at Tk. 48.70 Million.

#### Marine

Gross premium income in Marine Insurance Business was Tk 178.13 Million in 2013 and Tk 197.11 Million in 2014. The net premium income stood at Tk 128.29 Million.

#### Motor

Gross premium income from Motor Insurance Business decreased by 9.0% from Tk 47.64 Million in 2013 to Tk 43.36 Million in 2014. The net premium income stood at Tk. 40.14 Million.

#### Miscellaneous

In the year 2014, gross premium income from Miscellaneous Insurance Business became Tk 144.29, while it was Tk 154.89 Million in 2013. The net premium income from Miscellaneous Insurance Business stood at Tk 84.11 Million.

### Investment Income

In 2014, the company earned from Stock Market: Tk. 19.32 Million, which was Tk. 7.18 Million in 2013, registering an increase of Tk. 12.14 Million. Similarly, the company earned Tk. 39.11 Million from FDR Interest in 2014, while it was Tk. 42.83 Million in 2013.

### Liabilities

The total Liabilities of Prime Insurance Company Limited stood at Tk. 1192.31 Million in 2014 from Tk. 1042.96 Million in 2013. The total liabilities excluding equity of Tk663.42 Million is Tk 528.89 Million, registering a total growth of 26 %.

### Profit (before tax & after tax)

Company earned a net profit before tax Tk 138.53 Million in 2014 as against Tk 127.63 Million in 2013, which is

9.00% increase over the last year. Company earned a net profit after tax of Tk 98.35 Million in 2014, while it was Tk 86.51 Million in 2013 registering an increase of 14.00%.

### Earning per share

Particulars	2014	2013	2012	2011
Earning per share after tax:	2.53	2.51	2.14	1.90
Earning per share after tax & reserve for exceptional loss:	1.55	1.77	1.65	1.22

### Appropriation of Profit

The Board of Directors has proposed and recommended for appropriation as follows:

a. The un-appropriated profit from previous year	Tk. 2.44 Million
b. Net profit for the year 2014	Tk. 138.53 Million
c. Total fund available for appropriation	Tk. 151.57 Million
(i) Reserve for exceptional losses	Tk. 30.10 Million
(ii) Provision for taxes	Tk. 40.18 Million
(iii) Provision for general reserve & fluctuation fund	Tk. 10.50 Million
d. Net un-appropriated profit	Tk. 60.20 Million

### Proposed Dividend

The Board of Directors of Prime Insurance recommends declaration of 10% cash and 5% stock dividend i.e. a total of 15 % for the year ended 31 December 2014 amounting to Tk 58.40 Million subject to approval in the 19<sup>th</sup> AGM.

### Reserve

Reserve is a key indicator of the financial strength of a company. Accordingly, an exceptional loss reserve of Tk 30.10 Million has been proposed for the year out of the profit earned. Thus, at the end of 2014, the total reserve amount will be Tk 155.57 Million as against Tk 125.47 Million at the end of 2013 which is a growth of 24.00 %.

### Total Assets

Total Assets of the Company stood at Tk. 1192.31 million in 2014 as against Tk. 1042.96 million in 2013 registering a growth of 15.00%. In this year, shareholder's equity of the company is Tk 663.42 million as against Tk 565.07million in 2013.

## Investment

Total Investment of the company during the year 2014 amounted to Tk 716.74 Million as against Tk 673.07 Million in the previous year, which includes share investment of Tk 152.19 Million.

## Operating performances

Company's operating performances are summarized below:

### 5 Years Performance Summary (Taka in Million)

Particulars	2014	2013	2012	2011	2010
Gross premium	550.45	544.94	440.22	305.50	200.10
Net premium	300.98	249.77	266.35	203.63	102.99
Commission earned	40.59	38.20	25.07	15.27	12.54
Underwriting profit	102.99	97.76	77.58	25.88	5.08
Investment income	60.39	52.95	35.57	43.89	93.40
Pre tax profit	138.53	127.63	101.68	60.81	92.73
Tax provision	40.18	41.12	29.21	10.00	9.50
Fixed deposit	406.30	353.00	320.18	235.47	244.92
Fixed assets	148.39	149.19	141.48	70.58	6.14
Total assets	1192.31	1042.96	920.71	775.47	649.96

## Corporate Socialization

Focusing on image building is a key element for an organization. In this regard, association with different chambers is a process. With that view, the Company became a Gold Member of Country's leading Chambers: Bangladesh German Chamber of Commerce & Industries (BGCCI), Dhaka in the year 2011. In the year 2013, the Company has become Member of Dhaka Chamber of Commerce & Industries, Malaysia-Bangladesh Chamber of Commerce & Industries, Canada-Bangladesh Chamber of Commerce & Industries and France-Bangladesh Chamber of Commerce & Industries. Moreover, the Company is a Member of Bangladesh Insurance Association, Dhaka and Bangladesh Association of Publicly Listed Companies (BAPLC), Dhaka since long. These memberships have provided scope to the Company for improvement of corporate governance practices for the benefit of the Shareholders & Stakeholders.

## Corporate Branding

Advertising and Publicity plays an important and essential role in the success of any business. Though

advertisement does not mean selling of products & services, but it helps in creating awareness in people and builds a brand's image and reputation in the market.

Keeping that in mind, the company published a good number of corporate and product advertisement in daily newspapers, magazines & souvenirs for making the brand and products familiar to existing & potential customers.

We provide wide coverage in print media on our different events and activities like AGM, Annual Branch Conference, CSR activities, signing ceremony with other organizations etc.

## Corporate Social Responsibility

As a financial institution, we are aware of the critical role we play in the economy, community and environment. For us, corporate responsibility means getting the fundamental rights for our customers, being a good employer and addressing our broader responsibility to the society & environment.

The Company always acknowledges its responsibilities for the well being of the society and takes part in such activities whenever it becomes necessary. We get our business elements from the society in which we live and operate. In reciprocation, we want to do something back to the society. Prime is trying to enrich economic and social indicators of society by creating employment opportunities, helping the underprivileged people and ensuring environment friendly society. Prime always shares the misery of the distressed people. The Company provides financial support to different social & cultural organizations and also to the distressed people of the society. Contribution in CSR programs is always supported and encouraged by the Board of Directors of the Company. Our CSR includes our customer, employees, shareholders, business partners, and the society as a whole. A report on CSR is in place.

## Human Resources

Human Resources (HR) are the key elements behind the success and future sustainability of the Company. Employees of the Company play significant role in providing better customer service. A talented officer can win the heart of a customer by providing efficient service blended with personal care which actually builds a strong and ever-lasting business relationship with the customer. Human Resources Development is the most important part for attracting organizational growth,



development & expansion. As a part of Company's investment in Human Capital, it has formulated HR Policy for recruiting the best suited people from the society. The Company recruits fresh Graduates from different academic backgrounds of renowned Universities. Fresh Graduates are recruited through comprehensive written test and viva voce. They are recruited through a transparent process and the best are screened out from the bulk candidates. Finding the right employees, developing, rewarding and retaining them are some of our highest priorities. The Company provides an environment for the employees to improve their team spirit, work excellence and creativity. Our human resources are competent enough to handle the challenges of modern insurance. Total manpower of the Company as on 31 December 2014 stands at 297; details are as follows :

	31-12-2014
Manpower	
Executives	63
Officers	152
Sub ordinate staff	82
	297

During 2014, the Company recruited 34 employees, most of which are fresh entrants. The Company always stresses upon attracting and retaining quality human resources through competitive compensation packages and creating opportunities for individual career development. The Company also provides them a comfortable work environment.

To develop and equip the employees with necessary skills, the Company places great stress on the development of its people and hence the Company undertakes suitable training and workshops to update the knowledge in their respective functional areas.

In the year 2014, 18 Officers/Executives participated in different training courses/workshops e.g. Basic Course on Non-Life Insurance, Human Resource Development, Excellent Customer Services, Inventory & Store Management, VAT Theory & Practice, Front Desk Behavior & Receptionist Skills, Front Desk Behavior & Telephone Etiquettes, Leadership & Team Building for Managerial Excellence, Linux System Administration & Server Configuration, Internal Auditor Course on Environmental Management Systems (ISO 14001:2004) etc organized by different training institutes, like DCCI

Business Institute, Bangladesh Insurance Association, BUET, Business Express, Institute of Professional Development Program (IPDP), etc

Moreover, 6 different training courses covering on 'General Insurance', 'Health Insurance', 'Overseas Medi Claim Policy & Hajj Insurance', 'Basic Principles of Risk Management', 'Success & Stress Management in Professional Life', 'Fire & Re-insurance', 'Engineering & Marine Insurance', were organized in Company's Board Room, where 171 officials of different levels participated.

In addition of that, 1 Senior Executive attended in a training program on "Re-insurance Contract Treaty Wording, Individual Clauses & Contract Certainty", which was held at Singapore during 14 – 15 August 2014. 2 Executives attended in a training program on "General Insurance - Fire, Project & Mega Lines", which was held at Mumbai, India during 1 – 6 September 2014.

Moreover, the Chairman of the Company along with the Additional Managing Director and the Head of Specialized Business attended in a Conference '7th India Rendezvous' organized by Asia Insurance Review & GIC Re at Mumbai, India on 22 – 24 January 2014. The Chairman also attended 12<sup>th</sup> Conference on "Catastrophe Insurance in Asia" organized by Asia Insurance Review at Jakarta, Indonesia during 4 – 5 September 2014. Participating in such training programs & conferences are the continuous process for the development of the service efficiency.

Yearly performance evaluation is also carried on to reward and cheer hard-working & industrious employees and assess the training requirements.

The Company ensures good social security measures by way of Gratuity, Contributory Provident Fund, Group Term Insurance and encashment of un-availed earned leave. These factors boost up morale of the employees with strong loyalty and sense of belongingness to the organization.

### Responsibility towards the Shareholders

The Company is fully committed to protect the interest of its shareholders. The shareholders voice their views in the AGM. Their constructive suggestions are implemented for the betterment of the company. Any material change concerning shareholder's interest or any Price Sensitive Information is quickly dispensed with for the information of the shareholders and potential investors. The Company releases enough disclosures for



the information of the shareholders in the annual Reports, Half Yearly & Quarterly Financial Statements, in the print and electronic media and in the Company's website. Since inception, the company has paid good dividends to the shareholders. The number of shareholders is increasing gradually which shows their constant faith in the company.

### Corporate Governance

Corporate Governance is the system through which Companies are directed, guided and controlled by the Board while keeping in view its accountability to the Shareholders. Good Corporate Governance structures encourage Companies to create value and provide accountability. Prime Insurance Board of Directors is committed to meeting the highest standard of corporate governance and disclosure. The directors are conscious of their responsibilities in supervision and direction of the company affairs in conformity with the practices of sound corporate governance. In fulfillment of those responsibilities, the directors have set for themselves the principles that will be followed in their own involvement in the oversight function and in setting up clear guidelines for the executive management.

### Composition of the Board

The Board of the Company is comprised of 21 members as on 31 December 2014, including the CEO as ex officio member. The Board is well structured with a Chairman and a Vice Chairman, who are elected from the Board Members. The Chairman, the Vice Chairman and 16 other Members are Non-Executive Directors and only the CEO is an Executive Director. There are also 2 Independent Directors in the Board. The Chairman and the CEO of the Company are different bodies with separate functions and responsibilities. All the Directors encompass a range of talents, skills, and expertise to provide prudent guidance with respect to the operations of the Company. These Directors are successful businessmen in their own right and they also hold very responsible positions in public life.

### Role of the Board

The Board is the highest level of authority of the Company to oversee its operation through appropriate delegation reporting and control. The directors hold the ultimate responsibility of conducting the activities of the Company in accordance with the law and in the interest of its shareowners and other Stakeholders, keeping in view the long term interest of the Company. The Board

always recognizes the legitimate interest of Stakeholders and respects the right of Shareholders.

The Board has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of the Company. The Board also sets Company's core values and adopts proper standards to ensure that the Company operates with the integrity and complies with the relevant rules & regulations. The Board approves the Company's budget and business plan and reviews those on regular basis so as to give proper directions as per changing economic and market environment. The Management operates within the policies, manuals and limits as approved by the Board.

### Functioning of the Board

Though the Board is required under the law to meet at least once in 3 months, but in practical, the Board of Prime Insurance tries to meet in each & every month. The number of Board Meetings held in this year is 16. The Directors are keeping informed of the results and the major activities through distribution of monthly financial statements and quarterly reporting by the CEO/Company Secretary. The Board Agenda includes financial results, business performance, consideration of major investments, new business initiatives, liquidity etc. The Board has been fully committed since its inception to build a strong and empowered Management Team. The management strictly adheres to 2 basic principles of Corporate Governance i.e. Transparency and Disclosure. The Board Meetings are held regularly where policy decisions are taken on the basis of open discussions and consensus, keeping the interest of all shareholders & stakeholders of the company in mind. Our Board of Directors is fully committed since its inception to building a strong and empowered management team. This has helped in maintaining good Corporate Governance.

### Appointment of Independent Directors

The tenure of Company's previous Independent Director A.K.M Nozmul Haque expired on 30 June 2014. Prime Insurance Company has expanded its Board by induction of 2 new Independent Directors. The Board of Directors in its 251<sup>st</sup> meeting held on 26 June 2014 has appointed following 2 personalities as the Independent Directors:

1. Captain Akram Ahmed Bir Uttam
2. A.Z.M Sazzadur Rahman



The effective representation of Independent Directors in the Board has been ensured. The Independent Directors have declared their compliances as per guidelines of BSEC. They enjoy full independence in terms of carrying out required responsibilities. They are well conversant in the field of business and professional areas. As per SEC's Corporate Governance Guidelines dated 7 August 2012, the appointment of Independent Directors needs to be approved/confirmed by the Shareholders in the AGM. Brief resume of Independent Directors is annexed with this report.

### Empowerment of the Management

The Board has given clear guidelines to the CEO to ensure that there is appropriate delegation of authority and clear statement of accountability of the management staff all the way down to the supervisory level and that performance of the individual is judged on the basis of clearly set measurable goals and through objective assessment of their achievement.

### Communication with shareholders

Prime Insurance takes its corporate responsibility to provide shareholders with necessary information. Press releases, interim and annual reports and other information of interest to shareholders are uploaded in company's corporate website. Half Yearly and Annual Reports of the Company are also sent to the shareholders within respective deadlines stipulated by the regulatory bodies.

The Company holds the Annual General Meeting (AGM) regularly in time. The Directors attending the AGM note the views & suggestions of the shareholders and consider them with utmost seriousness. The CEO also brings to the Board any written communication received by him from the shareholders.

### Communication with the Employees and General Public

To enhance mutual understanding and promote co-operation at all levels, the Board and the Management always maintains communications with the employees, discuss matters such as safety and the work environment, as well as broader issues relating to staff welfare.

The Company's website serves as an easy access of key source for businesses, financials and other relevant information of the Company. In addition, from time to

time, the Company publishes reports and information brochures, which set out specific aspects of the Company's operations for the general public.

### Board and Committee Meetings

16 meetings of the Board of Directors, 11 meetings of the Executive Committee and 5 meetings of the Audit Committee were held during the year 2014. Details are given below in comparison with last 3 years:

	2014	2013	2012	2011	2010
1. Board of Directors	16	8	14	16	16
2. Executive Committee	11	12	10	11	12
3. Audit Committee	5	10	11	10	9

### Director's Remuneration

Except the CEO, none of the Directors holds any office of profit in the Company. The Directors do not get any remuneration; they only get fees for attending Board/Committee meetings. The maximum fees payable to Directors is Tk. 5,000/- for attending each Meeting.

### Audit Committee

Following the BSEC guidelines, the Board has reconstituted the Audit Committee for the Company. The Committee comprises of Captain Akram Ahmed Bir Uttam, Mr. Shah M. Hasan, Mr. Md. Shah Alam Babul, Mr. Abu Hasan Khan and Dr. Fatema Raushan Jahan. Captain Akram Ahmed is the Independent Director and also the Chairman of the Committee. The Audit Committee met 5 times during the year. The Company Secretary functioned as the Secretary of the Committee. The main performances of the Audit Committee during the year were as follows:

- Reviewed and appraised the performance of Internal Control System.
- Reviewed the risk associated with the company's operation.
- Overseeing hiring and performance of External Auditors.
- Ensuring company's financial reporting process and
- Reviewed the matter as required under the BSEC guidelines.

### Going Concern

The Board through appropriate enquiries and analyses ensures that resources are adequate to support the

operation and that sufficient business opportunities exist to qualify the organization as a going concern and the Directors analyze the financial statements to ensure that. Accordingly, Financial Statements are prepared on a going concern basis.

### Internal Control

The CEO has to satisfy the Board that adequate internal check and controls are in place through appropriate MIS and employment of Internal Audit Team to check & validate the expenses and the systems. In addition, the Company has established the following internal control measures:

- ▶ Strengthened the Internal Control Department to ensure comprehensive audit of all Branches as well as Corporate Head Office at a periodic interval.
- ▶ Review business performances and expenses on a monthly & quarterly basis at board level.
- ▶ Established authority limits for transactions and expenses.
- ▶ Ensuring strict compliances to all regulatory requirements, both existing and new.
- ▶ Allowed the Internal Control Department to work independently and free from any interference.

### Retirement and re-election of directors

#### Group A

In accordance with the provision of the Company's Articles of Association and relevant section of the Company's Act 1994, the following Sponsor-Directors shall retire in the 19th Annual General Meeting and they being eligible, offer themselves for re-election. Moreover, These Sponsor-Directors might be re-elected subject to fulfillment of SEC Notifications dated 22-11-2011 and 7-12-2011. Moreover, other Retired Sponsor-Directors are also eligible to be elected, if they comply the aforesaid notifications.

1	Mr. Ferdous Amin
2	Qazi Saleemul Huq
3	Mrs. Sabiha Khaleque
4	Mrs. Tahera Akhter
5	Mrs. Rahela Hossain
6	Mrs. Mahanur Ummel Ara

Moreover, Mrs. Mahabuba Haque, retired Sponsor Director is also eligible to be elected, as she complies the aforesaid notifications.

#### Group B

In accordance with the Sections referred above, the following directors from Public Shareholding shall retire in the 19th Annual General Meeting and they being eligible, offer themselves for re-election.

1	Alhaj Abdul Gaffar Dubash
2	Shah M. Hasan
3	Mr. Shah Alam Babul

As required by the insurance act and rules, election of directors from public Shareholding (Group B) will be held in this Annual General Meeting. A Notification for the election of the same was published in 2 national dailies namely Bangla daily Bhorer Daak and English daily News Today on 29/01/2015. Above 3 (three) share holders have applied to be directors of the Company and they will be elected in this AGM.

### Credit Rating

Prime Insurance has been awarded as an A+ (Pronounced as single "A+") grade Company in the year 2014 by Credit Rating Information and Services Limited (CRISL). This rating has been assigned based on the company's high claim paying ability, good financial performance, improving solvency position, diversified investment portfolio, satisfactory protection factor and extra ordinary performance, Strong IT Infrastructure, experienced top management.

### Information Technology, Website, Mobile Apps

The operations of all branches have been computerized to minimize costs & risks and to optimize benefits and increase overall efficiency for improved services. For smooth & speedy operation, an integrated software (Computer Integrated Insurance System) has been developed and implemented this year throughout the Branches, which is Oracle 11g and 10g Developers Platform and 3 Tier System. Apart from the above, all the Branches are working under Virtual Private Network (VPN) and all Branches are under online system.

Considering the demand of customers and further improvement in service round the clock, the Company has hosted a new dynamic website of its own [www.prime-insurance.net](http://www.prime-insurance.net) and has been updating it by adding new features & contents on regular basis, which contains comprehensive information, directors' profile,



annual report, types of insurance available, proposal forms and specimen policy copies etc. to facilitate our valued customers.

In the month of September 2014, Prime Insurance Company has launched 1st ever **Mobile apps** in the Insurance Sector in Bangladesh to provide better service at a shortest period of time to our Business Partners Clients. This mobile application will be very useful for all clients. They can easily communicate with us for their any types of insurance cover note and also in case of any accident / incident. Client will be able to inform us immediately from their mobile phone and our Customer Care Department would be able to take necessary action after getting all information. This Mobile App is available at <https://play.google.com> for public download.

Moreover, we are planning to utilize more Information and Communication Technology (ICT) so that our valued customers may have necessary information and documents without coming to the Office and may communicate with us through ICT.

### Contribution to the National Economy

The Company is engaged in procuring insurance business and its taxation is based on taxable income determined under the 4th schedule of the Income Tax Ordinance – 1984. Besides, the Company deducts Income Tax, VAT at source from the employees, suppliers, use of policy stamp etc. and deposit the same to the National Exchequer regularly. In the year 2014, the Company contributed Tk.112.10 Million to the National Exchequer as tax/VAT as against Tk. 113.72 Million in 2013.

During the last few years, the Company has been engaged in the development of Country's Financial & Capital Market. The Company is constantly emphasizing investment in the sectors that contributes to the National Economy.

### SAFA Award/ICAB Award /ICMAB Certificate of Merit

We are proud to announce that recently the Company has been conferred a number of awards and recognition at home and abroad. In the year 2014, the Company achieved "Certificate of Merit" Award from South Asian Federation of Accountants (SAFA) for Best Presented Annual Reports 2013 and also received the "14<sup>th</sup> ICAB National Award 3<sup>rd</sup> Prize" for Best Presented Annual Reports 2013 under the category of Insurance Sector.

The Company also won ICSB Corporate Governance Excellence Award 2013 and received 2<sup>nd</sup> Prize in the category of Non Banking Financial Institutions & Insurance Companies.

In the year 2013, the Company also achieved "Certificate of Merit" Award from South Asian Federation of Accountants (SAFA) for Best Presented Annual Reports 2012 and also received the "13<sup>th</sup> ICAB National Award 3<sup>rd</sup> Prize" for Best Presented Annual Reports 2012 under the category of Insurance Sector. The Company also achieved the Certificate of Merit – 2012 as the best corporate in the general insurance sector from ICMAB.

### Claims

Quick and expeditious settlement of clients' claims is the prime commitment of Prime Insurance Company. Our experienced and well qualified officers and executives are engaged to assist the clients to prepare the documents in support of their claims. After receiving loss intimation from the clients, our officers visit the affected premises along-with the surveyors to assess the financial loss to the clients arising due to any mishap covered by the policies. Upon getting Survey Report from the survey firm and required documents from the clients, our company settles claims within the shortest time. We keep close contact with the clients and every time we appraise them the position of claims till its settlement. In this financial year, we paid net Tk. 19.87 Million towards settlement of claims

### Underwriting

Since Insurance is knowledge based technical profession and we are to take the risk of Thousands of Crore Taka, the assessment and management of risk is to be undertaken by way of prudent underwriting. Besides this, the proper claim settlement is also based on prudent underwriting. The company is capable of underwriting the risks for any sum insured by charging the most economic and competitive premium rate ensuring maximum security at minimum cost within the framework of existing tariff. Risks are undertaken by our well equipped, technically qualified and experienced personnel and well protected by the re-insurance treaty arrangement with the Sadharan Bima Corporation (SBC) as well as foreign re-insurer.

### Re-insurance

Every Insurance Company has limited capital, which is not sufficient to pay a small percentage of catastrophic

loss or a single big loss. To protect the interest of the Company as well as the Policy Holders, every Company retains a small percentage of risk for their own share and shift a major portion of risk to another Company i.e Re-insurer.

Prime Insurance believes that the perception of success of an organization depends on the satisfaction of their customers. Based on this perception, our experienced and well qualified executives of Re-insurance Department are engaged to assist the clients.

For client's full satisfaction to our financial strength to pay unlimited compensation as claims, we have arranged diversification of surplus risks in our policies to Local and Overseas re-insurers. As such, we are not worried to pay claims of unlimited amount to clients as we are fully re-insured with reputed Local and Overseas Re-insurers. As and when the claim of any amount arises, we bring the matter to the notice of re-insurers. Upon our approach of loss intimation to the Re-insurers, they immediately respond and arrange to pay their share of loss under terms & conditions of the policy. Since we are fully re-insured, we do not hesitate to underwrite high valued properties.

## Corporate Governance Compliance

### Compliance Status

Status of compliance with the conditions imposed by Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/129/Admin/43 Date : 3 July, 2012, is attached in Annexure "I-IV"

### External Auditors' Appointment

The Financial Institution Act 1993 and BSEC's order dated 27 July 2011 stipulated that an Auditor of a Financial Institution can not be appointed for more than 3 consecutive years. Moreover, section 210 (10) of the Company's Act 1994 also gives authority to the Shareholders of the Company to fix Auditor's remuneration. M/S Ahmed Zaker & Co, Chartered Accountants, 45, Syed Nazrul Islam Sarani, Bijoy Nagar, Dhaka have carried out audit of the books of the financial accounts of the Company for the period covering 1st January to 31st December 2014. They have completed their third year as Statutory Auditor of the Company and hence not eligible for re-appointment.

M/s M. M Rahman & Company; M/s Rahman Anis & Company and M/s Mahfeel Huq & Company have expressed their willingness to become the Statutory Auditor of the Company for the FY 2015.

The Board in its 261<sup>st</sup> meeting held on 22.2.2015 scrutinized and reviewed the proposals and has recommended to appoint M/S M. M Rahman & Company, Chartered Accountants as External Auditor of the Company for the FY 2015 at a remuneration of BDT 1,75,000.00 plus VAT subject to the approval in the AGM.

### Annual General Meeting

The 19th Annual General Meeting will be held on 30 March 2015 at 11:00 AM at the Auditorium of Bangladesh Institute of Administration and Management (BIAM), 63, New Eskaton, Dhaka.

### Appreciation

I am grateful to the Almighty Allah for the business success of the Company in the year 2014 amid turbulent business conditions and global economic recession. The company has gained the confidence of its clients within a short span of its operation. This success is primarily attributed to its team work, prompt & prudent decision making, efficient & cordial services, economic use of resources and introduction of new products & technologies. The continued endeavors of the management & staff of the Company and timely support of the Board of Directors have substantially contributed to reach newer height of success of the Company. I express my deep appreciation to the management and all members of staff for their dedicated & efficient services, their loyalty & relentless efforts for Company's improvement. I also would like to express my gratitude to the Members of the Board for their continuous support and wisdom, without whom the Company would not have been in its present position.

I also take this opportunity of expressing my heartfelt gratitude to the Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Bangladesh Bank Insurance Development & Regulatory Authority, Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Sadharan Bima Corporation, Bangladesh Insurance Association



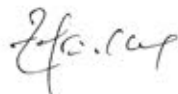
and all other Government & Non-Government Organization, who have supported us and extended their valuable cooperation. We look forward to their continued support, cooperation & guidance that are our constant source of encouragement in the days ahead.

I conclude by conveying my very sincere and special thanks and heartfelt felicitation to our respected shareholders, valued customers/clients, patrons, well-wishers and external auditors for their support, assistance & patronage to facilitate our path towards the glory achieved so far by the Company. We renew our promise to them to remain disciplined, compliant and

result-oriented in all our endeavors and in return seek their co-operation.

May Allah SWT bless us all.

On behalf of Board of Directors



**Md. Zakiullah Shahid**  
Chairman





## Report of the Chairman, Audit Committee

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 5 (five) members in the Audit Committee including 1 (one) Independent Director. The present Audit Committee reconstituted by the Board in its 251<sup>st</sup> meeting held on June 26, 2014. Members of the Audit Committee are as follow:

S.L	Name	Status of the Audit Committee	Status of the Executive Committee	Status of the Board
01.	Capt. Akram Ahmed (Bir Uttam)	Chairman	-	Independent Director
02.	Shah M Hasan	Member	Member	Member
03.	Abu Hasan Khan	Member	Member	Member
04.	Md. Shah Alam Babul	Member	Member	Member
05.	Dr. Fatema Raushan Jahan	Member	Member	Member

### Committee Meeting and Attendance

During the year 2014 the committee held 5 (five) meetings in which the committee reviewed issues relating Business Operation, Administrative Control, Finance and Accounts, among other things.

S.L	Name	Status of the Audit Committee	Number of Meeting held whilst a committee member	Status of the Board
01.	Capt. Akram Ahmed(Bir Uttam)	Chairman	3	3
02.	Shah M Hasan	Member	5	5
03.	Abu Hasan Khan	Member	5	5
04.	Md. Shah Alam Babul	Member	3	3
05.	Dr. Fatema Raushan Jahan	Member	5	5



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 if 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 Auditor, including matter of disagreement between the Management and External Auditors regarding financial report.
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.
8. Action taken by the management regarding fraud and forgery & irregularities detected by the internal audit team of the Company
9. The corrective measure taken by the Management regarding the internal audit report, reports relating to deficiencies in internal control or others issues detected by the internal and external Auditors.

**Activities in 2014**

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 and recommended for approval. Pirte measure to the management arises out of the findings from the report.
3. Examined the financial reporting system.
4. Approved the Audit plan for the year 2015.
5. The committee considered the recommendations made by external and internal auditors of the company in their reports.
6. Reviewed the appointment of external auditors.
7. Reviewed the quarterly and annual financial statements.
8. Any other matter or incident of significance as per the Audit Committee Charter.

On behalf of the Audit committee, I would like to convey my gratitude to our valued stakeholders for their continual support which leads us towards the way of success.



**Capt. Akram Ahmed (Bir Uttam)**  
Chairman  
Audit committee





## Management Business Review and Financial Analysis:

### Business Review and Financial Overview of Prime Insurance Company Limited :

In accordance with Bangladesh Financial Reporting Standards (BFRSs- 8.20) and requirement by local regulatory authority Bangladesh Securities & Exchange Commission (BSEC) requires preparation of separate financial result of the company. The company has mainly four reportable segments on the date of reporting namely Fire, Marine, Motor and Miscellaneous. This report describes Prime Insurance Company's operations and financial condition for the year ended 31 December 2014.

The company's policy to build its business upon strong customer services has continued to deliver impressive results. The underlying performance of the business remains strong with revenue growth retaining well ahead of cost growth. The performance of individual business segment during the year 2014 and its future strategies are presented below :

### Segment wise Operating Result / Performance of the Company:

Prime Insurance Company has Earned Gross Premium Tk.550.44 million and Operating profit earned Tk.102.99 million in 2014 as against Gross Premium Tk.544.94 and Operating profit Tk. 97.76 million in 2013. Segment wise operating results of income are as follows:

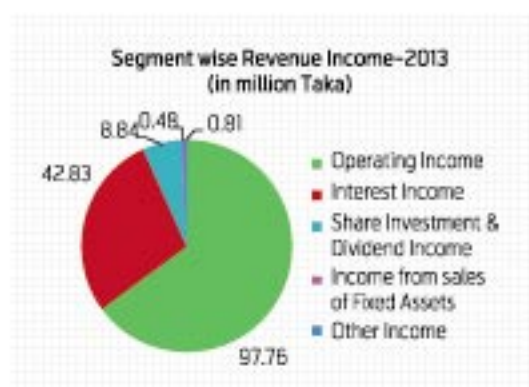
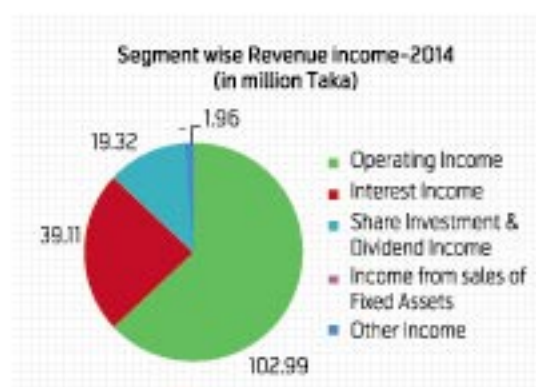
Particulars	Amount in Million (BDT)								
	Fire	Marine	Marine Hull	Motor	Misc	For-2014	For-2013	Growth-2014	% of Growth
Gross Premium Income	165.68	189.00	8.11	43.36	144.29	550.44	544.94	5.50	1.01
Less: R/I Premium Ceded	114.95	51.35	7.82	3.20	42.90	220.22	260.54	-40.32	-15.48
Less: R/I premium on PSB	2.04	9.66	0.25	0.03	17.27	29.25	34.62	-5.37	-15.51
<b>Net Premium Income</b>	<b>48.69</b>	<b>127.99</b>	<b>0.04</b>	<b>40.13</b>	<b>84.12</b>	<b>300.97</b>	<b>249.78</b>	<b>51.19</b>	<b>20.49</b>
Add: R/I Com.Earned	20.20	10.68	0.94	1.28	7.48	40.58	38.20	2.38	6.23
Add: Net Premium Reserve Retained.	27.60	40.63	12.73	17.61	8.97	107.54	107.97	-0.43	-0.40
<b>Less :</b>									
Reserve for Un-expired risk	19.47	51.20	0.03	16.06	33.65	120.41	107.54	12.87	11.97
Agent Commission	24.36	26.28	1.13	6.21	18.96	76.94	72.69	4.25	5.85
Management Expenses (Revenue A/C)	38.80	44.26	1.89	10.15	33.79	128.89	106.11	22.78	21.47
Net Claims Paid	2.28	3.69	0.17	10.23	3.49	19.86	11.85	8.01	67.59
<b>Operating Profit :</b>	<b>11.58</b>	<b>53.87</b>	<b>10.49</b>	<b>16.37</b>	<b>10.68</b>	<b>102.99</b>	<b>97.76</b>	<b>5.23</b>	<b>5.35</b>



### Segment Wise Revenue Income of the Company:

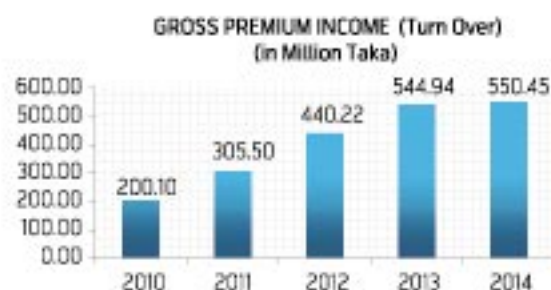
Total Revenue Income is BDT 163.38 million in 2014 from BDT 150.72 million in 2013. Operating profit Tk. 102.99 Million, Interest income Tk. 39.11 Million, Share Investment & Dividend income Tk. 19.32 Million and Others income is Tk. 1.96 million. Segment wise Revenue income chart and graphs are given below :

Components	2014		2013		Growth-2014 (increased/ decreased)	% of Growth
	Amount (in million)	% of Total Revenue	Amount (in million)	% of Total Revenue		
Operating Income	102.99	63.04	97.76	64.86	5.23	5.35
Interest Income	39.11	23.94	42.83	28.42	-3.72	-8.69
Share Investment & Dividend Income	19.32	11.83	8.84	5.87	10.48	118.55
Income from sales of Fixed Assets	-	-	0.48	0.32	-0.48	-100.00
Other Income	1.96	1.20	0.81	0.54	1.15	141.98
<b>Total Revenue Income :</b>	<b>163.38</b>	<b>100.00</b>	<b>150.72</b>	<b>100.00</b>		



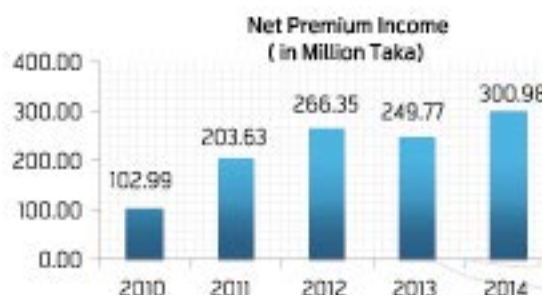
### Gross Premium income (Turnover) :

In the year 2014 Gross premium (Turnover) Income attained Taka 550.45 Million as against Taka 544.94 Million in 2013, an increase of 1.01%. The following tables indicates 5 years Gross premium Income for the years from 2010 to 2014.



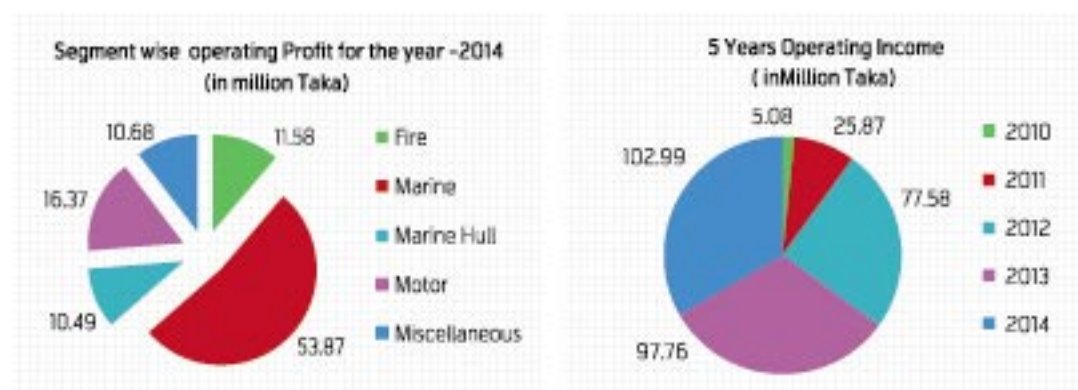
### Net Premium income :

In the year 2014 Net premium Income attained Taka 300.98 Million as against Taka 249.77 Million in 2013, an increase/(decreased) of 20.50%. 5 years net premium income are given below :



### Operating Profit (Underwriting Profit):

In the year 2014 Operating Profit/ Income increased to Take 102.99 Million from Taka 97.76 Million in 2013 – an increase of 5.23%. 5 years operating income are as follows :



### Profit before Tax :

In the year 2014 the company earned a net profit before Tax Taka 138.53 Million while it was Taka 127.63 Million in 2013 an increase of 8.54%. Last 5 year profit before tax earned graph is given below :



### Financial Ratio Analysis:

Particulars	2014	2013	2012	2011	2010
Gross Profit Ratio % on Gross Premium Income	25.17	23.12	23.1	19.90	46.34
Operating Income Ratio % on Gross Premium Income	18.71	17.94	18.00	8.00	3.00
Net Profit (after tax ) Ratio % on Gross Premium Income	17.87	25.55	24.61	18.99	40.43
Current Ratio (Times )	1.69:1	1.48 : 1	1.32 : 1	1.93:1	2.04:1
Debt to Equity Ratio (Times)	0.68 : 1	0.85 : 1	0.92 : 1	0.90 : 1	0.96:1
Price Earning Ratio ( Times)	7.83	12.62	15.57	28.37	35.12





## ATIK KHALED & Co.

Chartered Accountants

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### Certificate on Compliance of Conditions of Corporate Governance

#### To the Shareholders of Prime Insurance Company Ltd.

We have examined the compliance with corporate Governance of Prime Insurance Company Ltd. for the year ended 31 December 2014 as stipulated in notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 under section 2CC of the Securities & Exchange Ordinance 1969.

The compliance with the said conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission (BSEC) and reporting the status thereof is the responsibility of the management of the Company. Our responsibility is to provide a certificate about whether the Company is in compliance with the said conditions of Corporate Governance based on our examination. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance and corrects reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Company.

To the best of our information and according to the explanations given to us we certify that Prime Insurance Company Ltd. has complied with the Conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 07 August 2012.

Dhaka,  
March 04, 2015

ATIKUR RAHMAN FCA  
Partner  
ATIK KHALED CHOWDHURY  
Chartered Accountants

## Summary of Accounts (Segment wise/Class Wise Operating profit) Performance



Prime Insurance Company has earned gross Fire premium income Tk. 165.68 million, Marine premium income Tk.189.00 million Motor premium income Tk.43.36 and Miscellaneous premium income Tk.144.29 million respectively in 2014. Total Gross Premium Income Tk.550.44 million and Operating income/ Profit Tk.78.15 million respectively in 2014 which was 544.94 million and 74.68 million respectively in 2013. Segment wise Financial Result of the Company for the year 2014 is given below :

Details	Taka in Million					2014	2013	Growth-2014	% of Growth
	Fire	Marine	Marine Hull	Motor	Misc				
Gross Premium Income	165.68	189.00	8.11	43.36	144.29	550.44	544.94	5.50	1.01
Less: R/I Premium Ceded	114.95	51.35	7.82	3.20	42.90	220.22	260.54	-40.32	-15.48
Less: R/I premium on PSB	2.04	9.66	0.25	0.03	17.27	29.25	34.62	-5.37	-15.51
Net Premium Income	48.69	127.99	0.04	40.13	84.12	300.97	249.78	51.19	20.49
Add: R/I Com. Earned	20.2	10.68	0.94	1.28	7.48	40.58	38.2	2.38	6.23
Add: Net Premium Reserve Retained	27.60	40.63	12.73	17.61	8.97	107.54	107.97	-0.43	-0.40
Total Income:	96.49	179.30	13.71	59.02	100.57	449.09	395.95	53.14	26.33
<b>Less Expenses:</b>									
Reserve for Un-expired risk	19.47	51.20	0.03	16.06	33.65	120.41	107.54	12.87	11.97
Agent Commission paid	24.36	26.28	1.13	6.21	18.96	76.94	72.69	4.25	5.85
Management Expenses (Revenue A/C)	38.80	44.26	1.89	10.15	33.79	128.89	106.11	22.78	21.47
Management Expenses (P&L A/C)	7.48	8.53	0.37	1.96	6.51	24.84	23.09	1.75	7.58
Net Claims Paid	2.28	3.69	0.17	10.23	3.49	19.86	11.84	8.02	67.74
Operating Profit ( U/W Result ):	4.10	45.34	10.12	14.41	4.17	78.15	74.68	3.47	(88.27)
Interest Income	-	-	-	-	-	39.11	42.83	-3.72	-8.69
Investment & others Income	-	-	-	-	-	19.32	8.84	10.48	118.55
Others Income	-	-	-	-	-	1.96	1.28	0.68	53.13
Profit before Tax	-	-	-	-	-	138.54	127.63	10.91	8.55
Return on Equity (%)	-	-	-	-	-	35.59	37.70	-2.12	-5.61
Return on Shareholders fund & Equity (%)	-	-	-	-	-	20.93	22.59	-1.65	-7.33
Shareholders Fund & Equity (in Million Taka)	-	-	-	-	-	663.42	565.07	98.35	17.13
Shareholders Equity (in Million Taka)	-	-	-	-	-	389.31	338.53	50.78	15.00



## Prime Insurance Company Ltd.

### 5 Years Financial Highlights

(as on 31 December)

Particulars	Amount In Million (BDT)				
	2014	2013	2012	2011	2010
<b>Operational Performance :</b>					
Gross premium Income (Turnover) :	550.45	544.94	440.24	305.37	200.10
Net premium Income :	300.98	249.77	266.34	203.50	102.99
Management Expenses	128.90	106.11	98.36	69.92	48.50
Net Claims Paid	19.87	11.83	27.46	38.16	19.72
Reserve for Un-Expired business	120.41	107.54	107.97	86.40	54.50
<b>Operating (Underwriting) Profit/(loss)</b>	<b>102.99</b>	<b>97.76</b>	<b>77.58</b>	<b>25.87</b>	<b>5.08</b>
Investment Income & Others Income	60.39	52.95	35.57	43.89	93.40
<b>Gross Profit / (Loss) Before Tax</b>	<b>138.53</b>	<b>127.63</b>	<b>101.68</b>	<b>60.82</b>	<b>92.73</b>
Current tax provision	40.18	41.12	29.21	10.00	9.50
<b>Net Profit / (Loss) After Tax</b>	<b>98.35</b>	<b>86.51</b>	<b>72.47</b>	<b>50.82</b>	<b>83.24</b>
Earning before Interest, Depreciation & Tax	90.39	76.38	76.99	42.15	53.38
Net Profit / (Loss) After Tax & Reserve	60.20	53.22	48.85	28.45	71.44
<b>Earning Per Share (EPS) after Tax</b>	<b>2.53</b>	<b>2.56</b>	<b>2.14</b>	<b>1.90</b>	<b>4.04</b>

#### Profitability and Performance Ratio :

Gross Profit Ratio on Equity %	35.58	37.70	34.54	22.73	45.05
Operating Income Ratio on Equity %	26.45	28.88	26.35	9.67	2.47
Net Profit Ratio after Tax on Equity (%)	25.26	25.55	24.62	18.99	40.44
Gross Profit Ratio on gross Premium Income (%)	25.17	23.42	23.10	19.92	46.34
Operating Income Ratio on gross Premium income %	18.71	17.94	17.62	8.47	2.54
Net Profit Ratio on Gross Premium Income % (after Tax)	17.87	15.88	16.46	16.64	41.60
<b>Earning Per Share before Tax (Taka)</b>	<b>3.56</b>	<b>3.72</b>	<b>3.45</b>	<b>2.27</b>	<b>4.51</b>
<b>Earning Per Share after Tax (Taka)</b>	<b>2.53</b>	<b>2.56</b>	<b>2.14</b>	<b>1.90</b>	<b>4.04</b>

#### Liquidity Ratio :

Debt to Assets Ratio (Times)	1.34	1.47	1.58	1.10	1.01
Debt to Shareholders Equity Ratio (Times)	0.80	0.85	0.92	0.90	0.96
Current Ratio (Times)	1.69	1.48	1.32	1.93	2.04
Return on shareholders fund after tax (%)	25.26	25.55	24.62	18.99	40.44
Return on Capital Employed after tax (%)	8.25	8.29	7.87	6.55	12.81
Price Earning Ratio (Times) (MP/EPS)	7.83	12.62	15.57	28.37	35.12
<b>Net Operating Cash flow per share Taka</b>	<b>2.15</b>	<b>1.87</b>	<b>2.11</b>	<b>0.63</b>	<b>0.66</b>

#### Statement of Financial Position:

Authorized Share Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
<b>Issued,Subscribed and Paid -Up Capital</b>	<b>389.31</b>	<b>338.53</b>	<b>294.37</b>	<b>267.61</b>	<b>205.85</b>
Shareholders fund /Equity	663.42	565.07	478.56	406.09	329.93
Reserve & Contingent Accounts	274.11	226.54	184.20	138.48	62.34
Current liabilities	528.89	477.89	442.14	365.38	316.03
Net Current Assets :	891.74	583.23	706.07	643.82	550.95
<b>Total Assets :</b>	<b>1192.31</b>	<b>1042.96</b>	<b>920.71</b>	<b>775.47</b>	<b>649.96</b>

## Prime Insurance Company Ltd.

### 5 Years Financial Highlights

(as on 31 December)

Particulars	Amount In Million (BDT)				
	2014	2013	2012	2011	2010
<b>Shareholders Information :</b>					
Cash dividend per Share (%)	10%	0%	0%	0%	0%
Stock dividend paid per Share	5%	15%	15%	10%	30%
<b>Total dividend paid per Share (%)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>10%</b>	<b>30%</b>
Dividend Payout Ratio (%)	59.29%	58.59%	70.09%	52.63%	74.26%
Dividend Yield Ratio (%)	7.58%	4.64%	3.92%	1.86%	1.89%
Net Assets Value	663.42	565.07	478.56	406.09	329.93
Net Assets Value (Book Value) Per share	17.04	16.69	16.26	15.17	16.03
Earning Per Share (Taka ) after tax.	2.53	2.56	2.14	1.90	4.04
Market Shares Capitalization	770.83	1093.45	1127.45	1442.43	3260.76
Market Value Closing Price Per Share (DSE)	19.80	32.30	38.30	53.90	158.40
<b>Solvency Margin Information :</b>					
Required Solvency Margin	71.97	71.80	61.65	41.84	27.08
Available Solvency Margin	387.03	320.14	260.75	258.88	170.91
Solvency Margin Ratio (Times)	5.38	4.46	4.23	6.19	6.31
<b>Balance Sheet Analysis :</b>					
Shareholders Equity	663.42	565.07	478.56	406.09	329.93
Property Plant & Equipment	148.39	149.19	141.48	70.58	6.14
Net Current Assets :	891.74	707.43	583.23	706.07	643.82
Current Liabilities :	528.89	477.89	442.14	365.38	316.03
<b>Investable Assets Quality :</b>					
<b>Total Investment :</b>	<b>716.74</b>	<b>673.07</b>	<b>640.83</b>	<b>501.06</b>	<b>415.16</b>
Cash at Bank (STD & CD Account)	46.35	30.84	21.76	17.23	11.91
Fixed Deposit Receipts	406.30	353.00	320.18	235.48	244.92
Share Investment	152.19	177.33	186.99	186.83	149.33
10 years Govt. Treasury Bond	9.00	9.00	9.00	9.00	9.00
Building Property	102.90	102.90	102.90	52.52	-
<b>Fixed Assets:</b>					
Office Equipment & Others fixed Assets	45.49	46.29	38.58	18.06	6.14
<b>Total Assets :</b>	<b>1192.31</b>	<b>1042.96</b>	<b>920.71</b>	<b>775.47</b>	<b>649.96</b>
<b>Others Information :</b>					
Number of weighted average shares outstanding	38930951	33853001	29437393	26761267	20585590
Branch Offices	20	19	19	17	16
No. Of shareholders as at Dec.31, 2014	3752	3920	2953	3102	1849
Number of Employee's as at Dec, 31, 2014	297	303	248	182	151





## Number of Shareholders

as on December 31, 2014

The following table indicates number of Shareholders hold their shares as on December 31, 2014.

Year	No. Shareholders	Growth	% of Growth
2010	1849	-20	-1.08
2011	3102	1253	40.39
2012	2943	-159	-5.40
2013	3923	980	24.98
2014	3752	-171	-4.56



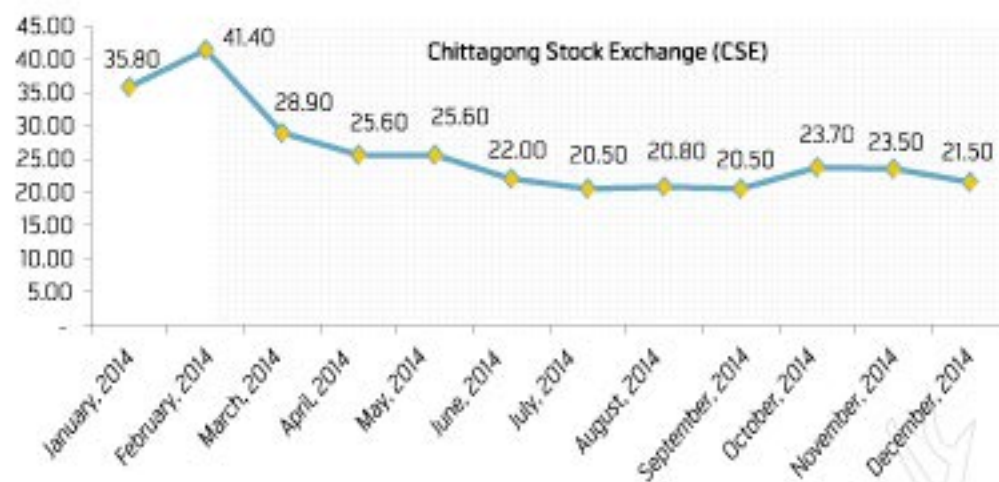
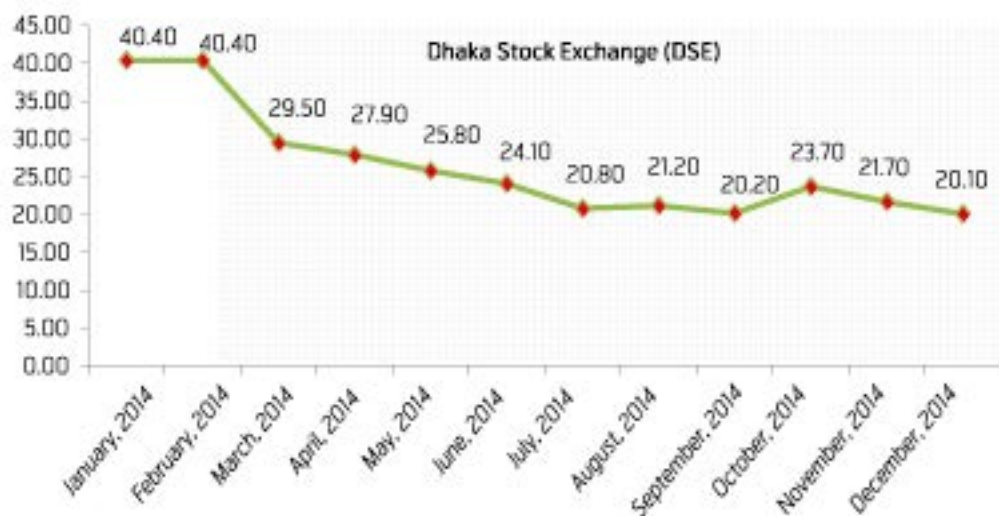


## Market Share Price of Company's Paid-up Capital (DSE & CSE)

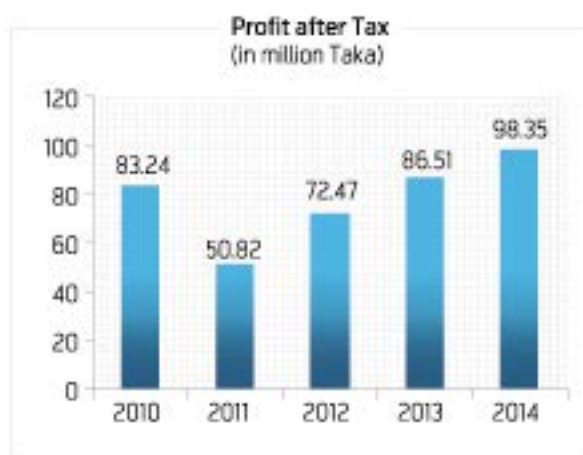
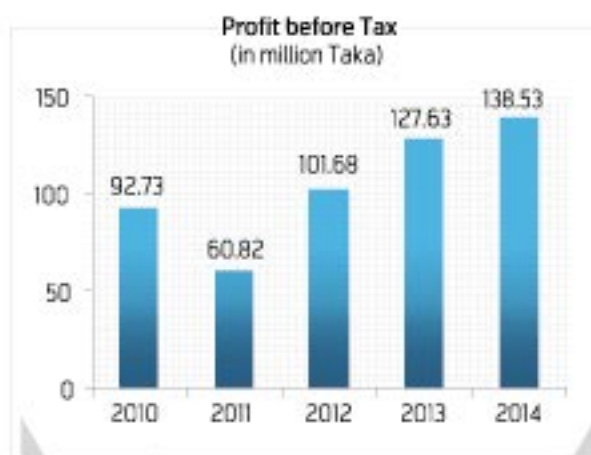
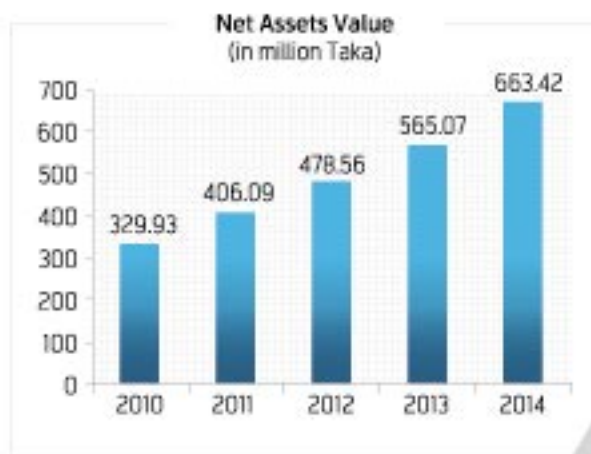
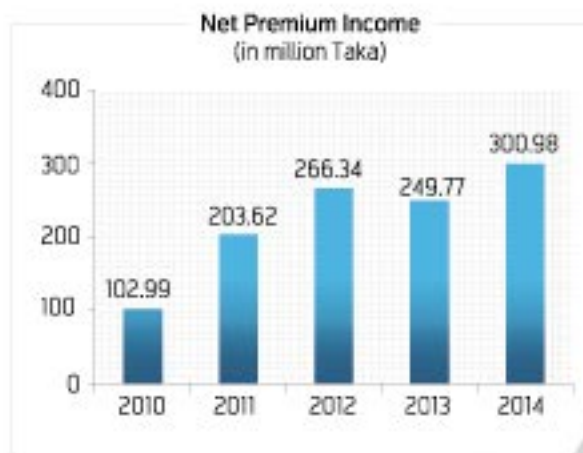
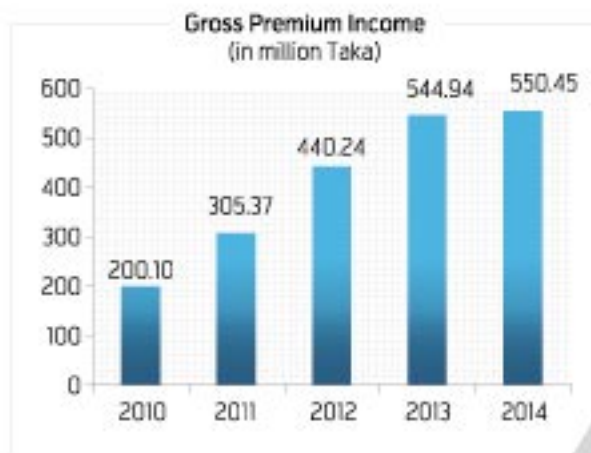
The Company has listed with both Dhaka Stock Exchange Ltd & Chittagong Stock Exchange Ltd on March 21, 2001 & March 22, 2001. There was a direct relationship between the Prime Insurance share price and its trade volume. Prime Insurance's share price increase with the increasing demand of its shares. In 2014, the share price of Prime Insurance Company reached highest Tk. 40.40 in the month of February and lowest price Tk. 17.50 in the Month of September 2014 at Dhaka Stock Exchange (DSE). Prime Insurance shares trade in the market (DSE & CSE) monthly highest and lowest positions are given below:

Particulars	Dhaka Stock Exchange (DSE)		Chittagong Stock Exchange (CSE)	
	High (Tk)	Low (Tk)	High (Tk)	Low (Tk)
January, 2014	40.40	32.00	35.80	30.60
February, 2014	40.40	29.00	41.40	30.90
March, 2014	29.50	25.50	28.90	25.50
April, 2014	27.90	23.10	25.60	22.50
May, 2014	25.80	22.10	25.60	22.80
June, 2014	24.10	20.40	22.00	19.00
July, 2014	20.80	19.10	20.50	19.30
August, 2014	21.20	17.60	20.80	18.20
September, 2014	20.20	17.50	20.50	18.00
October, 2014	23.70	18.80	23.70	20.10
November, 2014	21.70	18.50	23.50	20.00
December, 2014	20.10	18.60	21.50	18.00

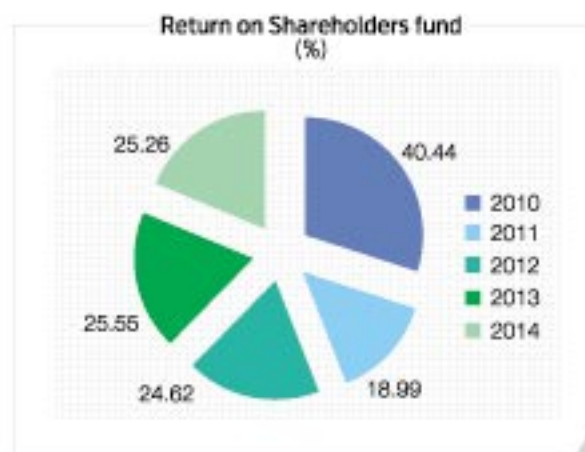
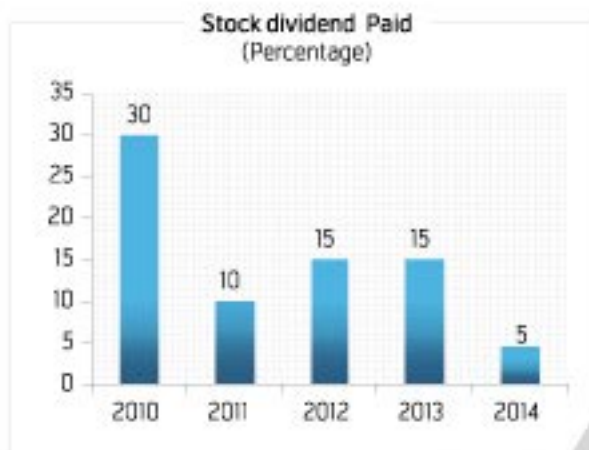




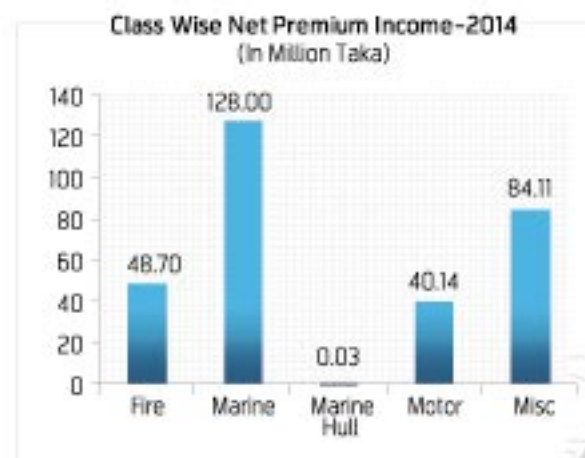
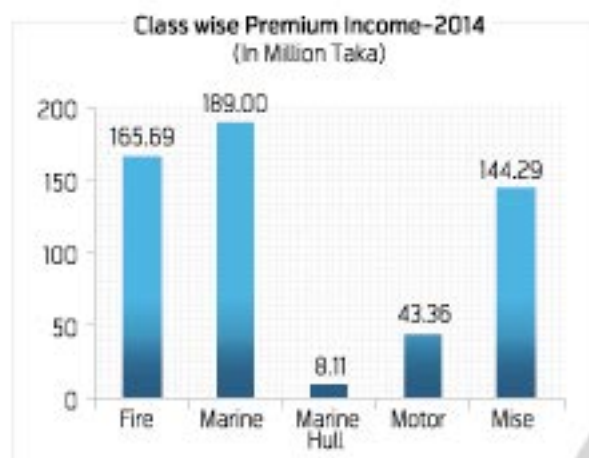
## Graphical Presentation/ Performance in Graphs







## Segment wise Operating Performance in Graphs





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

We have audited the accompanying financial statements of Prime Insurance Company Limited, which comprise the balance sheet as at December 31, 2014 and the Statement of Comprehensive Income (profit and loss account), statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulations Issued by the Insurance Development & Regulatory Authority (IDRA), Securities & Exchange Rules 1987, Companies Act 1994 and other Rules & Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing, those standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Prime Insurance Company Limited as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial



Reporting Standards along with Rules & Regulation Issued by the Insurance Development & Regulatory Authority (IDRA), Bangladesh Securities & Exchange Rules 1987 and other applicable Rules & Regulations.

### Report on Other Legal and Regulatory Requirements

#### We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's Statement of Financial Position (Balance Sheet), Statement of Comprehensive Income (Profit and Loss Account) and Statement of Cash Flows dealt with by the report are in agreement with the books of accounts;
- d) the financial position of the Company as at December 31, 2014 and the profit for the year then ended have been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable in Bangladesh.

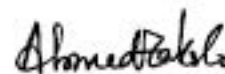
- e) the expenditures incurred during the year were for the purposes of the business of the Company;
- f) As per section 40-C (2) of the Insurance Act 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under audit have been duly debited to the related Revenue Accounts and the Statement of Comprehensive Income (Profit & Loss Account) of the Company;
- g) As per regulation 11 of part 1 of the third schedule of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and information given to us and as shown by its books, the company during the year under audit has not paid any person any commission in any form outside Bangladesh in respect of its re-insurance business abroad;

#### Emphasis of matter

Without qualifying our opinion, we draw attention to note no- 4.02 & 15.00 enclosed in the financial statements.

Date: Dhaka

February 22, 2015



**AHMED ZAKER & CO.**  
Chartered Accountants



**Prime Insurance Company Ltd.**  
**Statement of Financial Position (Balance Sheet)**  
For the year ended December 31, 2014

Particular	Note	31 December 2014 Taka	31 December 2013 Taka
<b>Shareholders Equity &amp; Liabilities :</b>			
Share Capital			
<b>Authorised Share Capital :</b>			
100,000,000 ordinary shares of Tk.10 each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed &amp; Paid up Capital:</b>			
3,89,30,951 Ordinary shares of Tk.10 each	6.b	389,309,510	338,530,010
<b>Reserve and Contingent Account :</b>	7.00	274,111,742	226,540,453
Reserve for Exceptional Losses	7.01	155,566,523	125,468,197
General Reserve fund	7.02	7,500,000	7,000,000
Investment fluctuation fund	7.03	50,850,025	40,850,025
Profit & Loss Appropriation Account		60,195,194	53,222,231
<b>Shareholders' Equity :</b>		<b>663,421,252</b>	<b>565,070,463</b>
<b>Balance of Funds and Accounts:</b>	8.00	<b>120,412,721</b>	<b>107,544,459</b>
Fire Insurance Business		19,479,922	27,603,892
Marine Insurance Business		51,231,415	53,355,150
Motor		16,055,507	17,611,198
Miscellaneous Insurance Business		33,645,877	8,974,219
<b>Premium Deposits</b>	9.00	<b>41,638,600</b>	<b>45,411,809</b>
<b>Liabilities and Provisions</b>		<b>366,841,779</b>	<b>324,929,285</b>
Estimated liability in respect of outstanding Claims whether due or intimated	10.00	45,976,138	39,694,999
Amount due to other persons or bodies carrying on insurance business	11.00	100,630,870	94,042,754
Sundry Creditors	12.00	60,807,351	71,946,820
Income Tax Provision	13.00	154,927,420	114,744,712
Deferred Tax	13.b	4,500,000	4,500,000
<b>Total Shareholder's Equity &amp; Liabilities</b>		<b>1,192,314,352</b>	<b>1,042,956,016</b>

The accompanying notes 1 to 39 form an integral part of these Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 22, 2015 and signed on its behalf by:

  
**Md. Zakiullah Shahid**  
Chairman

  
**Mohammadi Khanam**  
Chief Executive Officer

  
**Nazma Haque**  
Director

  
**Shah Alam Babul**  
Director

Signed as per our separate report of same date.

Place: Dhaka  
Dated: February 22, 2015

  
**AHMED ZAKER & CO.**  
Chartered Accountants

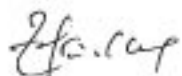


**Prime Insurance Company Ltd.**  
**Statement of Financial Position (Balance Sheet)**  
For the year ended December 31, 2014

Particular	Note	31 December 2014	31 December 2013
		Taka	Taka
<b>Property and Assets</b>			
<b>Non-Current Assets :</b>		<b>300,576,474</b>	<b>335,523,795</b>
Building Property (Floor Purchase)	14.01	102,900,000	102,900,000
Plant, Office Equipments & other Fixed Assets	14.02	45,486,478	46,289,857
Investment (at cost)	15.00	152,189,996	186,333,938
<b>Current Assets :</b>		<b>891,737,878</b>	<b>707,432,221</b>
Stock of Stationery	16.00	3,843,461	3,134,947
Insurance Stamp In hand		1,104,430	1,324,148
Premium Collection Control Account	17.00	6,641,168	5,268,750
Interest accrued but not received	18.00	15,591,162	19,654,636
Amount due from other persons or-bodies carrying on insurance business	19.00	96,980,074	88,890,777
Sundry Debtors(including advances, deposits and pre-payments)	20.00	313,369,025	204,097,866
Investment in Fixed Deposit Receipts (FDR)	21.00	406,300,000	353,000,000
<b>Cash and Cash Equivalents</b>	<b>22.00</b>	<b>47,908,558</b>	<b>32,061,097</b>
Cash in hand		1,558,086	1,216,756
Cash at bank		46,350,472	30,844,341
<b>Total Assets</b>		<b>1,192,314,352</b>	<b>1,042,956,016</b>

The accompanying notes 1 to 39 form an integral part of these Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 22, 2015 and signed on its behalf by:

  
**Md. Zakiullah Shahid**  
Chairman

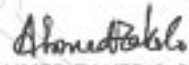
  
**Mohammadi Khanam**  
Chief Executive Officer

  
**Nazma Haque**  
Director

  
**Shah Alam Babul**  
Director

Signed as per our separate report of same date.

Place: Dhaka  
Dated: February 22, 2015

  
**AHMED ZAKER & CO.**  
Chartered Accountants

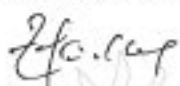
**Prime Insurance Company Ltd.****Statement of Comprehensive Income (Profit & Loss Account)**

For the year ended December 31, 2014

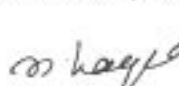
Particular	Note	31 December 2014 Taka	31 December 2013 Taka
<b>Operating Profit / (loss) transferred from :</b>		<b>102,989,065</b>	<b>97,764,460</b>
Fire Insurance Revenue Account		11,585,029	15,806,718
Marine Insurance Revenue Account		64,344,243	67,821,974
Motor Insurance Revenue Account		16,373,030	21,814,840
Misc. Insurance Revenue Account		10,686,763	(7,679,072)
<b>Non-Operating Income :</b>			
(Interest, Dividend and Rents not applicable to any particular fund or account)		<b>160,390,360</b>	<b>52,953,861</b>
Interest income	25.00	39,108,342	42,831,234
Share Investment & Dividend Income	26.00	19,318,758	8,839,656
Other income	27.00	1,963,260	1,282,971
<b>Total Income :</b>		<b>163,379,425</b>	<b>150,718,321</b>
<b>Less: Expenses of Management</b>		<b>24,845,926</b>	<b>23,090,111</b>
(not applicable to any particular fund or account)			
Directors' fees	28.00	1,720,000	1,245,000
Advertisement & Publicity		646,834	453,842
Audit fees	29.00	200,000	200,000
Donation & subscription		265,350	283,700
Legal & professional fees		1,302,618	1,085,142
Depreciation		9,032,468	8,417,685
Registration fees	30.00	1,907,294	1,940,830
Meeting Expenses		518,056	410,578
Incentive Bonus for Employees (Performance bonus)	12.06.01	9,227,256	9,023,007
Lease Rental		-	30,327
Interest on Margin Loan		26,050	-
<b>Profit before Tax :</b>		<b>138,533,499</b>	<b>127,628,210</b>
Provision for Tax	13.a	40,182,708	40,621,555
Deferred tax assets/liabilities	13.b	-	500,000
<b>Profit after tax transferred to Profit &amp; (Loss) Appropriation Account</b>		<b>98,350,791</b>	<b>86,506,655</b>
<b>Earnings Per Share after tax</b>		<b>2.53</b>	<b>2.22</b>
<b>Total :</b>		<b>163,379,425</b>	<b>150,718,321</b>

The accompanying notes 1 to 39 form an integral part of these Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 22, 2015 and signed on its behalf by:

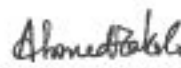
  
**Md. Zakiullah Shahid**  
 Chairman

  
**Mohammadi Khanam**  
 Chief Executive Officer

  
**Nazma Haque**  
 Director

  
**Shah Alam Babul**  
 Director

Signed as per our separate report of same date.

Place: Dhaka  
Dated: February 22, 2015
  
**AHMED ZAKER & CO.**  
 Chartered Accountants



**Prime Insurance Company Ltd.**  
**Profit & Loss Appropriation Account**  
For the year ended December 31, 2014

Particular	Note	31 December 2014 Taka	31 December 2013 Taka
Opening Balance of Appropriation Accounts		53,222,231	48,848,774
Profit/(loss) carried forward during the year		98,350,791	86,506,655
<b>Total Profit after Tax:</b>		<b>151,573,022</b>	<b>135,355,429</b>
<b>Appropriation:</b>			
Reserve for exceptional losses	7.01(a)	30,098,327	24,977,109
Stock Dividend Paid for the year 2013		50,779,501	44,156,089
General Reserve Fund	7.02	500,000	500,000
Investment fluctuation fund	7.03	10,000,000	12,500,000
<b>Retained Earnings balance transferred to Balance Sheet</b>		<b>60,195,194</b>	<b>53,222,231</b>
<b>Total</b>		<b>151,573,022</b>	<b>135,355,429</b>
<b>Earning Per Share (EPS Taka 10/= each)</b>		<b>2.53</b>	<b>2.22</b>
<b>Price Earning Ratio (P/E Ratio )(Times)</b>		<b>7.83</b>	<b>12.62</b>
<b>Weighted Average No. of outstanding Share</b>		<b>38,930,951</b>	<b>38,930,951</b>

The accompanying notes 1 to 39 form an integral part of these Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on February 22, 2015 and signed on its behalf by:

  
**Md. Zakiullah Shahid**  
Chairman

  
**Mohammadi Khanam**  
Chief Executive Officer

  
**Nazma Haque**  
Director

  
**Shah Alam Babul**  
Director

Signed as per our separate report of same date.

Place: Dhaka  
Dated: February 22, 2015

  
**AHMED ZAKER & CO.**  
Chartered Accountants

[www.prime-insurance.net](http://www.prime-insurance.net)

*Zfc.caf*  
Md. Zakullah Shahid  
Chairman

*Dr. Nazam*  
Mohammadi Khanam  
Chief Executive Officer

*Nazma Haque*  
Nazma Haque  
Director

*Shah Alam Babul*  
Shah Alam Babul  
Director

*Ahmed Zaker*  
AHMED ZAKER & CO.  
Chartered Accountants

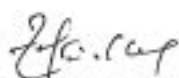
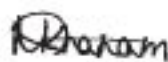
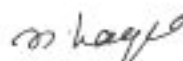
Place: Dhaka  
Dated: February 22, 2015



**Prime Insurance Company Ltd.****Statement of Cash Flows**

For the year ended December 31, 2014

Particular	Amount in Taka	
	2014	2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Turnover against Insurance Business and others	550,452,513	544,941,005
Payment for management expenses, Re-insurance and claims	(443,097,781)	(447,125,858)
Company's income tax Paid to Government	(23,000,000)	(24,055,218)
Received VAT ,Source VAT,Taxes & others	35,564,267	39,814,667
Source Tax paid on different Heads	(5,398,234)	(5,983,524)
VAT paid to Government	(30,744,469)	(34,940,171)
<b>Net cash flow from Operating Activities</b>	<b>83,776,296</b>	<b>72,650,901</b>
<b>Net Operating Cash flow per share</b>	<b>2.15</b>	<b>1.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of Head office space	(99,531,600)	(75,120,000)
Investment in Stock	-	(102,520)
Sales proceeds of Investment in share & others	51,584,301	13,240,723
Disposal of fixed assets	-	481,000
Purchase of Fixed Assets	(8,229,087)	(16,131,491)
Fixed Deposit opened	(143,000,000)	(213,600,000)
Fixed Deposit encashed	89,700,000	180,779,000
Interest received	37,757,936	42,145,609
Dividend received	3,763,565	5,380,284
Margin loan paid	-	-
Interest paid on Margin loan	26,050	-
<b>Net cash flow from Investing activities</b>	<b>(67,928,835)</b>	<b>(62,927,395)</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>
<b>Increase/ (Decrease) in Cash and Cash Equivalent(A+B+C)</b>	<b>15,847,461</b>	<b>9,723,506</b>
<b>Cash and Cash Equivalent at the beginning of the year</b>	<b>32,061,097</b>	<b>22,337,591</b>
<b>Cash and Cash Equivalent at the closing of the year</b>	<b>47,908,558</b>	<b>32,061,097</b>

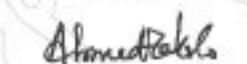

Md. Zakiullah Shahid  
Chairman

Mohammadi Khanam  
Chief Executive Officer

Nazma Haque  
Director

Shah Alam Babul  
Director

Signed as per our separate report of same date.

Place: Dhaka

Dated: February 22, 2015

  
**AHMED ZAKER & CO.**  
 Chartered Accountants

**Prime Insurance Company Ltd.****Statement of Changes in Shareholder's Equity**

For the year ended December 31, 2014

For the year -2014	(Amount in Taka)					
Particulars	Share Capital	General Reserve Fund	Reserve for exceptional losses	Investment fluctuation fund	Profit & Loss Account Appr.	Total
Balance as at 1st January 2014	338,530,010	7,000,000	125,468,196	40,850,025	53,222,231	565,070,462
Stock Dividend for the year -2013	50,779,500		-	-	(50,779,501)	-
Profit after tax for the year	-		-	-	98,350,791	98,350,791
Appropriation made during the year	-	500,000	30,098,327	10,000,000	(40,598,327)	-
Total	389,309,510	7,500,000	155,566,523	50,850,025	60,195,194	663,421,252
For the year -2013	(Amount in Taka)					
Particulars	Share Capital	General Reserve Fund	Reserve for exceptional losses	Investment fluctuation fund	Profit & Loss Account Appr.	Total
Balance as at 1st January 2013	294,373,930	6,500,000	100,491,087	28,350,025	48,848,774	478,563,816
Stock Dividend for the year -2012	44,156,080		-		(44,156,089)	-
Profit after tax for the year	-		-	-	86,506,656	86,506,656
Appropriation made during the year	-	500,000	24,977,109	12,500,000	(37,977,109)	-
Total	338,530,010	7,000,000	125,468,196	40,850,025	53,222,231	565,070,462

**Md. Zakiullah Shahid**  
Chairman**Mohammad Khanam**  
Chief Executive Officer**Nazma Haque**  
Director**Shah Alam Babul**  
Director**AHMED ZAKER & CO.**  
Chartered Accountants

Signed as per our separate report of same date.

Place: Dhaka

Dated: February 22, 2015



# Prime Insurance Company Ltd.

## Schedule of Building Property, Plant & Office Equipment

For the year ended December 31, 2014

### Annexure - A

PARTICULARS					DEPRECIATION				WRITTEN DOWN VALUE (WDV)	
	Opening Balance as at 1st Jan. 14	Addition during the year	Disposal during the year	Balance as on 31.12.14	Opening Balance as at 1st Jan. 14	Charged during the year	Adjustment during the year	Balance as on 31.12.14	Balance as on 31.12.14	Balance as on 31.12.13
Building & Property	102,900,000	-	-	102,900,000	-	-	-	-	102,900,000	102,900,000
Motor Car	38,568,782	-	-	38,568,782	7,641,712	6,185,414	-	13,827,126	24,741,656	30,927,070
Motor cycle	1,779,090	220,000	-	1,999,090	1,121,957	153,427	-	1,275,384	723,706	657,133
Bi-cycle	8,000	6,800	-	14,800	8,000	680	-	8,680	6,120	-
Furniture & Fixture	15,854,582	1,862,042	-	17,716,624	9,930,064	685,554	-	10,615,618	7,101,006	5,924,518
Electrical Fan	236,251	21,600	-	257,851	209,575	5,621	-	215,196	42,655	26,676
Air Cooler	2,313,152	3,217,650	-	5,530,802	1,592,486	349,424	-	1,941,910	3,588,892	720,666
Electrical Equipment	1,939,852	22,400	-	1,962,252	952,636	149,762	-	1,102,398	859,854	987,216
Typewriters	739,700	-	-	739,700	739,700	-	-	739,700	-	-
Photocopy Machine	642,979	-	-	642,979	401,693	36,193	-	437,886	205,093	241,285
Office Equipment	4,570,912	255,500	-	4,826,412	1,781,851	437,522	-	2,219,373	2,607,039	2,789,061
Computer	10,137,689	2,494,245	-	12,631,934	6,826,211	911,720	-	7,737,931	4,894,003	3,311,478
Telephone Install.	3,595,726	109,850	-	3,705,576	3,211,508	65,872	-	3,277,380	428,196	384,218
Fax Machine	669,790	19,000	-	688,790	534,583	21,706	-	556,289	132,501	135,207
Camera & Television	207,415	-	-	207,415	57,565	22,478	-	80,043	127,373	149,850
Generator	48,360	-	-	48,360	12,880	7,096	-	19,975	28,385	35,480
<b>Total</b>	<b>184,212,280</b>	<b>8,229,087</b>	<b>-</b>	<b>192,441,367</b>	<b>35,022,421</b>	<b>9,032,468</b>	<b>-</b>	<b>44,054,888</b>	<b>148,386,479</b>	<b>149,189,858</b>



## Prime Insurance Company Ltd.

### Notes to the Financial Statements

For the year ended December 31, 2014

#### 1.00 LEGAL FORM OF THE COMPANY :

The Company was incorporated as a public limited company on 21st March 1996 under the Companies Act 1994 and obtained registration from the Insurance Development & Regulatory Authority (IDRA) former Chief Controller of Insurance, Government of the People's Republic of Bangladesh on March 31st 1996 concurrently. The company has obtained registration certificate from the Insurance Development & Regulatory Authority (IDRA). The company is engaged in the business of all types of insurance other than life as per Insurance Act, 1938 as amended. The company is listed in both Dhaka and Chittagong Stock Exchange as a public traded company.

#### 1.01 Address of Registered Office and Place of Business of the Company

The registered office of the company is located at 63, Dilkusha C/A, Dhaka-1000, Bangladesh. The business operation of the company are being carried out through 20 branches located in all over Bangladesh.

#### 1.02 Principal Activities of the Company :

The principal object and activities of the company is to carry on all kinds of Insurance business, guarantee, and indemnity business other than life insurance business. There were no significant changes in the nature of the principal activities of the Company during the year 2014 under review.



**1.03 Date of Financial Statements Authorized for Issue :**

Financial Statements of the Company for the year ended December 31, 2014 were authorized for issue on February 22, 2015 in accordance with a resolution of the Board of Directors of the Company.

**2.00 Summary of Significant Accounting Policies and Other related Policies Information:****2.01 Basis of Accounting Preparation :**

The financial statements of the Company under reporting have been prepared under historical cost convention in going concern concept and on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and practice in Bangladesh. Disclosure of financial information as required by Insurance Act 2010 have been complied with while preparing statement of financial position, Statement of Comprehensive Income, and Revenue accounts for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act and also in compliance with the Company Act 1994.

**2.02 Management Responsibility:**

The management of the Company are responsible to reporting and preparation of financial statements true and fair view of the company's affairs in compliance with Bangladesh Financial Reporting Standards (BFRS) and existing accounting standards and applicable laws.

**2.03 Directors Responsibility Statements:**

The Board of Directors are also responsible for the preparation and Presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulation of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd and as per the provision of "The International Accounting Standards Committee" (IASC). According to the "International Accounting Standard (IAS) -1" and in accordance with the Bangladesh Accounting Standard (BAS) as adopted by the Institute of Chartered Accountants on Bangladesh (ICAB) Presentation of Financial Statements" the complete set of Financial Statements include the following components :

- i) Statement of Financial Position (Balance Sheet).
- ii) Statement Comprehensive Income (Profit and Loss Account.)
- iii) Statement of Profit and Loss Appropriation Account.
- iv) Statement of Cash Flows.
- v) Statement of Changes in Equity.
- vi) Notes to the Financial Statements and Significant Accounting Policies.

**2.04 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 and adopted Insurance Act 2010. The classified summary of the assets has been prepared in accordance with Form "AA" as set forth in Part – II of the aforesaid Act.

**i) Method of Preparation:**

The Financial statements have been drawn up on mercantile method.

ii) **Compliance Statements and General Rules & Regulations:**

The financial statements have been prepared and disclosures of information have been made in accordance with the requirements of insurance Act,1938 (New Act,2010), Insurance rules,1958, the companies Act,1994, the Securities and Exchange Rules,1987, the listing rules of Dhaka Stock Exchange and Chittagong Stock Exchange, and time to time Guidelines from Insurance Development and Regulatory Authority rules and regulations.

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

Compliance with the Core IAS / IFRS Or Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS )

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approped accounting standards comprise of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh. As of 31 December 2014 status and aplicability of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) in the case of Prime Insurance Company are as under :



Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).	Effective Date	BAS No	Applicability
Presentation of Financial Statements	1 Jan,2007	1	Applied
Inventories	1 Jan,2007	2	Applied
Statement of Cash Flows	1 Jan,1999	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors.	1 Jan,2007	8	Applied
Events after the balance Date	1 Jan,1999	10	Applied
Construction Contracts	1 Jan,1999	11	N/A
Income Taxes	1 Jan,1999	12	Applied
Property, Plant and Equipment	1 Jan,2007	16	Applied
Leases	1 Jan,2007	17	N/A
Revenue	1 Jan,2007	18	Applied
Employee's Benefits	1 Jan,2004	19	Applied
Accounting for Government Grants and Disclosure of Government assistance	1 Jan,1999	20	N/A
The Effects of Changes in Foreign Exchange Rates	1 Jan,2007	21	Applied
Borrowing Costs	1 Jan,2010	23	Applied
Related Party Disclosures	1 Jan,2007	24	Applied
Accounting and Reporting by Retirement Benefit Plans	1 Jan,2007	26	Applied
Consolidated and Separate Financial Statements	1 Jan,2010	27	Applied
Investment in Associates	1 Jan,2007	28	Not Applied
Financial Reporting in Hyperinflationary Economics	1 Jan,2013	29	Not Applied
Interests in Joint Ventures	1 Jan,2007	31	N/A
Financial Instruments : Presentation	1 Jan,2010	32	Applied
Earning Per Shares	1 Jan,2007	33	Applied
Interim Financial Reporting	1 Jan,1999	34	Applied
Impairment of Assets	1 Jan,2005	36	Applied
Provisions, Contingent liabilities and Contingent Assets	1 Jan,2007	37	Applied
Intangible Assets	1 Jan,2005	38	N/A
Financial Instruments : Recognition and Measurement	1 Jan,2010	39	Applied
Investment Property	1 Jan,2007	40	Applied
Agriculture	1 Jan,2007	41	N/A

Title of Adopted IFRS as BFRS	Effective Date	BFRS No	Status
First Time Adaption of International Financial Reporting Standards	1 Jan,2009	1	N/A
Share Based Payment	1 Jan,2007	2	N/A
Business Combinations	1 Jan,2010	3	Applied
Insurance Contracts	1 Jan,2010	4	Applied
Non-Current Assets held Head for Sale and Discontinued operation	1 Jan,2007	5	N/A
Exploration for and Evaluation of Mineral Resources	1 Jan,2007	6	N/A
Financial Instruments : Disclosure	1 Jan,2010	7	Applied
Operating Segments	1 Jan,2010	8	Applied
Financial Instruments	Adopted by ICAB & going to publish in 2011	9	Applied
Consolidated Financial Statement		10	Not Applied
Joint Arrangements		11	N/A
Disclosure of interests in other Entities	Effective date on or	12	N/A
Fair Value Measurement	after 1 Jan,2013	13	N/A
IFRS for SMES	BFRS For SME (Small and Medium Size Entities)		1 Jan,2013

**iii) Last Year's Figures Rearranged and adjusted**

Last year's figures have been rearranged and adjusted wherever considered necessary to confirm with the current year balances.

**iv) Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for investments in stock exchanges which are measured at fair value.

**v) Functional and Presentational Currency**

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

**vi) Going Concern Basis**

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

**vii) Interim Financial Reporting:**

In accordance with Bangladesh Accounting Standard (BAS-34) . Interim Financial Reporting publicly traded entities encourages to provide interim financial reports that confirm to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

Prime Insurance Company apply the same accounting policies in its interim financial statements as are applied in its annual financial statements,

**viii) Reporting Period**

Financial statements of the company consistently cover one calendar year from 1 January, 2014 to December 31, 2014.

**ix) Branch Accounting :**

The company has 20 (Twenty) branches under its umbrella without having any overseas branch up to the year ended December 31, 2014. The accounts of the branches are maintained at the Head office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses

**x) Bangladesh Electronic Fund Transfer Network (BEFTN) :**

The Company has signed a MOU agreement with Standard Chartered Bank for Cash management Solution and inked on August 21, 2013. The Company has started its all remittance payments through Bangladesh Electronic Fund Transfer Network commonly known as BEFTN from 1st September, 2013 for smoothly banking transaction for its business operations, best possible, best services to the clients, shareholders and employee's payroll.



## 2.05 Significant Accounting Policies

### i) Revenue Recognition (BAS-18):

Revenue is recognized in accordance with Bangladesh Accounting Standard (BAS-18): Revenue unless otherwise mentioned or otherwise guided by the separate BAS/BFRS

### ii) Underwriting Premium Income :

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

### iii) Public Sector Business (PSB) :

As Per Government decision effective from April 1990, all the Public Sector Insurance Business 100% is being underwritten by Sadharan Bima Corporation, 50% being retained by Shadharan Bima Corporation and the balance equally divided to 47 private sector insurance companies.

The premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Shadharan Bima Corporation is received. The statements of account for the period from July 2013 to June, 2014 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 of account for the Public Sector insurance Business (PSB) has been consistently followed.

### iv) Re-Insurance Ceded and Accepted :

#### a) Re- Insurance Ceded and Accepted with Sadharan Bima Corporation:

Necessary adjustment in respect of Re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty between the Company and Shadharan Bima Corporation (SBC) and Foreign Re-Insurer.

#### b) Re-Insurance with Foreign Re-insurer :

Fifty percent of the re-insurable general insurance business shall be re-insured with the Sadharan Bima Corporation and the remaining fifty percent of such business may be re-insured either with the Corporation or with any other insurer whether in or outside Bangladesh.

### v) Cover Notes Converted into Policy (CCP) :

Amounts received against issue of cover notes that have not converted into policy are not recognised as income. The cover note which were previously issued are converted into insurance policy or at the expiry of one year cover note as per circular of Shadharan Bima Corporation (SBC).

### vi) Investment Income :

- a) Interest on Fixed Deposit Receipts (FDR) and 10 (Ten) years Bangladesh Government Treasury Bond (BGTB) are accounted for on accrual basis after making provision for income tax deductible at source. Interest on STD account and other income are recognized on cash basis.

- b) Income on Investment in marketable securities has been taken into account at realized 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) **Cash Dividend Income and Stock Dividend from Investment:**  
Dividend income on share investments if any, are recognized on cash basis and shown in Profit & Loss account. For stock dividend, received by the company against its investment, number of shares increased and average cost of investment decreased.

## 2.06 Fixed Assets :

- i) **Valuation of Government Bond:**  
10 (Ten) years Bangladesh Government Treasury Bond (BGTB) / Securities are stated at cost.
- ii) **Valuation of Investment of Share / Debenture and Mutual Fund :**  
Investment in stocks, shares and other securities are recognized in the financial statements at cost considering long term investment and these are revalued at regular interval. Increases or decreases in the value of investment are recognized in the Financial Statement as per IAS-39 "Financial Instruments". Increases or decreases in the value of investment in listed share are recognized in the financial statements considering average movement of market price as the capital market of Bangladesh is volatile and market price of the stocks and shares are changes very frequently. Decreases in the market value on stocks and shares are recognized in the profit & loss Account as per IAS -39 "Financial Instruments".

### iii) Valuation of Fixed assets :

#### **Building Property, Plant and Equipment :**

All fixed assets are stated at cost less accumulated depreciation as per Bangladesh Accounting Standard (BAS) -16, "Building Property, Plant and Equipment". The cost acquisition of an asset comprise its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non- refundable taxes.

#### **Recognition of Fixed Assets :**

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

#### **Depreciation on Building Property, Plant & Equipments :**

Building Property, Plant & Equipment are depreciated following the reducing balance method on the basis of life expectancy of the assets in accordance with BAS-16. Depreciation on newly acquired assets is charged on an average six month while no depreciation is charged on assets retiring during the year. As the company did not avail the use of space during the year as such the company has not charged Depreciation on Purchase of Head office space. The Building Property, Plant & Equipment are depreciated at the following rates:



Items	Rate %
Building Property (Head office Space )	0%
Motor Vehicles	20%
Furniture & Fixtures	10%
Office Equipment	15%
Electrical Equipment	15%
Computer	20%

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 the balances are in agreement with the Balance Sheet amount and Form AA amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income.

#### **De-recognition :**

An item of Building property, Plant and Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of Comprehensive income in the year the asset is de-recognized.

#### **Impairment of Assets :**

As per Bangladesh Accounting Standard (BAS) 36 : The carrying amounts of the company's non-current assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income. Considering the present conditions of the assets, management concludes that there is no such indications exist.

## **2.07**

### **Employee's Retirement Benefit Scheme :**

Prime Insurance Company Ltd. offers a number of benefit plan for all permanent Employee's of the company which includes Contributory Provident Fund, Gratuity Fund, Earn leave benefit, Festival bonus and Incentive bonus on profit which have been accounted for in accordance with the provision of Bangladesh Accounting Standard (BAS) -19, "Employee's Benefit" basis of enumeration the above benefits schemes operated by the company are outlined below:

#### **i) Provident Fund**

Under defined Contribution scheme, Company operates duly recognized Provident Fund managed by independent Board of Trustees for all permanent employees except those who are on contract basis. The eligible employees contributes @ 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 fund :**

The Company operates a funded gratuity fund scheme duly recognized by National Board of Revenue (NBR) on December 4, 2011 under the management of independent Board of Trustees. The fund is operated by Board of Trustees consisting of one Chairman and three Members of whom 2 (two) are taken from the Board of Directors including Chairman. All confirmed employee's are entitled to receive one month basic pay for each completed year of services after completion of minimum (07) seven years of services with the company as per Bangladesh Accounting Standard (BAS) -19 "Employee Benefits". 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 Financial Statements.

iii. **Health Plan Policy :**

The company has been operating a Health Plan Policy for all Permanent employees for the supporting of medical assistance as per health plan policy terms & conditions.

iv. **Group Insurance Policy :**

The company has been operating a Group Insurance policy for all Permanent employees for the supporting of family assistance after death of any Employee's as per Group Insurance Policy terms & conditions.

v. **Incentive Bonus :**

The company has resorted to a policy namely incentive Bonus Scheme for its employee who meets certain criteria based on their annual performance ascertained on net profit after Tax with the approval of the Annual General Meeting and the paid amount are accounted for the year to which it relates.

vii **Home Repairs Loan and Transport Facilities Assistance :**

With a view to long term commitment of deserving employees, the Company has introduced Employee's Home repairs loan and Transport facilities. All Permanent employees of the company has been enjoying the Home repairs loan facilities without interest and Transport facilities enjoyed by all of Head Office employee's whose rank stands above Assistant Manager.

**2.08 Corporate Governance :**

The company has given the priority to the compliance of the rules, regulations and guidelines of Insurance Development & Regulatory Authority, National Board of Revenue & Bangladesh Securities and Exchange Commission. The Company has complied with all related Bangladesh Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh.

**2.09 Balance of Funds & Accounts (Un-expired Risk Reserve) :**

Surplus / Deficit on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 40% of Net premium Income on Fire, Motor, Miscellaneous, Marine cargo and 100% on Marine Hull business concern.

**2.10. Allocation of Management Expenses :**

As per section 40(C-2) Insurance Act 1938 as amended Insurance Law 2010 all relevant Management expenses have been allocated amongst different Revenue Account in respect of Fire, Marine, Motor and Miscellaneous insurance business on pro-rata basis at their respective gross premium Income. Management expenses as charged to Revenue Accounts amounting to Tk. 12,88,95,040/- represents 23.42% of Gross Premium Income of Tk. 55,04,52,513/- and 42.82% of Net Premium Income Tk.30,09,83,265/- which was 19.47% and 42.47% in 2013.



**2.11. Cash Flow Statement :**

Cash Flow Statement is prepared in accordance with IAS -7 and Bangladesh Accounting Standard (BAS) -7 Cash Flow Statement and the cash flow from the operating activities has been presented under direct method as prescribed by the Securities and Exchange Rules -1987. Cash Flow statement is broken down into operating activities, investing activities and financing activities.

**2.12 Foreign Currency Transaction :**

All Foreign Currency Transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transaction as per Bangladesh Accounting Standard (BAS) -21: " The effects of Changes in Foreign Exchange Rate".

**2.13 Cash and Cash Equivalents :**

According to BAS-7 " Cash Flow Statement" Cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to amounts of cash and which are subject to an insignificant risk of changes in value, IAS -1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provisions of BAS -7 and IAS -1, Cash in hand and bank balances have been considered as cash and cash equivalents.

**2.14 Appropriation during the Year :**

In accordance with "IAS-1" Presentation of Financial Statements the appropriations for the year have been reflected in the statement of change in equity. During the year under review, an amount of Tk. 4,01,82,708/- has been transferred to corporate tax provision as per section 45 of the Income Tax Ordinance, 1984.

**2.15 Comparative Information :**

Comparative information have been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current year financial statements.

Previous year's figure has been restated and rearranged whenever necessary due to fair presentation in the Financial Statements December 31, 2014 as per BAS-8 "Accounting Policies, Changes in Accounting Estimate and Errors".

**2.16 Stock of Stationery & Forms :**

Stock of Stationery & Forms has been valued at cost price.

**2.17 Re-arrangement of Head of Accounts:**

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, during the year 2013, we have re-arranged some of Heads of Accounts.

**3.00 Recognition of Expenses and Taxes :**

Expenses are recognised on the basis of a direct association between the cost incurred and the earning of specific heads of income. All expenditure incurred has been charged to the Statement of Comprehensive Income in the running business and in maintaining the Property, Plant and Equipments in state of efficiency.

**3.01 Borrowing Costs :**

In accordance with Bangladesh Accounting Standard (BAS-23) borrowing Costs that are directly attributable to the acquisition and construction of a qualifying asset from part of the cost of that asset and therefore, should be capitalized. Other borrowing costs are recognized as an expense.

**3.02 Provision for Income Taxes:**

The company has made the income tax provision on the basis of BAS-12 "Income Taxes" and Income Tax Ordinance, 1984 as amended time to time. Provision for Income Tax represents the sum of the current Tax on profit and deferred tax expenses.

**3.03 Current Tax Provision :**

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expenses that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted on the balance sheet date.

**3.04 Deferred Taxes:**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized. Adequate provision has been made for Deferred tax to profit and loss account .

**4.00 Reserve or Contingencies Accounts :****4.01 Reserve for Exceptional losses :**

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

**4.02 Investment Fluctuation Fund (Fair Value Reserve) :**

The company made investments in the capital market having a large portfolio and income generated from the investment (realized gain and dividend received) is credited to the statement of comprehensive Income. The company has made a provision considering the average movement of market price as the capital market of Bangladesh is volatile and market price of the stocks and shares are changes very frequently and any effect on increase or decrease are transferred to the investment Fluctuation Fund subsequently.

**4.03 General Reserve Fund :**

The company creates a General Reserve Fund from the current year profit to avoid future contingency.



**4.04 Provision for Contingent Liabilities and Assets :**

According to **BAS -37** : "Provision, Contingent Liabilities and Contingent Assets" the company recognizes the provision in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

**4.05 Segment Reporting :**

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

**5.00 Earning Per Share (EPS) :**

The company calculates Earning Per Share (EPS) in accordance with **BAS -33**: "Earnings Per Share", which has been shown on the Statement of Comprehensive Income (Profit and Loss ) in the Financial Statements.

**5.01 Basic Earning Per Share :**

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year (Net profit after taxation and provision).

For calculation of basic earning and weighted average number of ordinary shares outstanding during the year, the following formulas have been used :

SL No.	Particular	Amount in Taka	
		31.12.2014	31.12.2013
a.	Earning Attributable to the ordinary shareholders (Net Profit after Tax during the year )	98,350,791	86,506,656
b.	Ordinary share at 1st January, 2013	33,853,001	29,437,393
	Bonus Share Issued.	5,077,950	4,415,608
c.	Weighted Average number of Ordinary shares outstanding during the year.	38,930,951	33,853,001
d.	Restated Weighted Average number of ordinary shares	38,930,951	38,930,951
e.	Basic Earnings Per Share after Tax	2.53	2.22

**Basic Earnings :**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

**Weighted average number of ordinary shares outstanding during the year :**

This represents the number of ordinary shares outstanding at the beginning plus the number of ordinary shares issued during the year multiplied by a time-weighted factor. The time weighting factor is the number of days the specific shares outstanding as a proportion of the total number of days during the year.

**5.02 Diluted Earning Per Share :**

Diluted Earning Per Share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

At December 31 ,2014 there was no scope for dilution and hence no dilution EPS is required to be calculated.

**6.00 Additional Information on Financial Statements for the year 2014****6.a Disclosure of Company's Authorized, Issued, Subscribed and Paid up Capital:**

		Amount in Taka	
		31.12.2014	31.12.2013
<b>Authorized Share Capital:</b>			
10,00,00,000 Ordinary shares of Tk.10 each.		1,000,000,000	1,000,000,000
<b>6.b. Issued, Subscribed and Paid up Capital :</b>			
1,50,00,000 Ordinary share of 10 each.		150,000,000	150,000,000
Bonus Share Issued different year : 2,39,30,951 Bonus share of 10 each		239,309,510	188,530,010
<b>Paid- up Capital :</b>		<b>389,309,510</b>	<b>338,530,010</b>



Particulars	2014		2013	
Category of Shareholders	No. of Shares holding	% of holding	No. of Shares holding	% of holding
A. Group-A -Sponsors & Directors : 1,75,54,263 shares of Tk.10 each fully paid in cash.	17,554,263	45.09%	15,312,413	45.23%
B. Group "B" -Others : 2,13,76,688 shares of Tk.10 each fully paid in cash	21,376,688	54.91%	18,540,588	54.77%
1. Bank/ICB's/MF & Insurance	5,640,676	14%	4,512,541	13%
2. Employee's	-	0%	-	0%
3. ICB Investors Accounts	4,298,710	11%	3,738,251	11%
4. General Public & others	11,437,302	29%	10,289,796	30%
<b>Total</b>	<b>38,930,951</b>	<b>100%</b>	<b>33,853,001</b>	<b>100%</b>

Classification of shareholders as per their share holdings as on December 31,2014:

Group- "A" Sponsors Directors & Directors :

	No. of share	No. of share Holders	% of Total holding	% of Total paid up capital
001-5000	-	-	-	-
5001-10000	-	-	-	-
10001-50000	-	-	-	-
50001-100000	70,698	1	0.40	0.18
100001-300000	993,643	5	5.66	2.55
300001-600000	1,436,390	3	8.18	3.69
600001-1500000	15,053,532	17	85.75	38.67
1500001-5000000	-	-	-	-
<b>Total</b>	<b>17,554,263</b>	<b>26</b>	<b>100</b>	<b>45.09</b>

Group- "B" Shareholders (Public)

	No. of share	No. of share Holders	% of Total holding	% of Total paid up capital
001-5000	4,830,649	3399	22.60	12.41
5001-10000	1,000,939	139	4.68	2.57
10001-50000	2,761,664	147	12.92	7.09
50001-100000	1,555,130	23	7.27	3.99
100001-300000	1,691,456	10	7.91	4.34
300001-600000	1,334,847	5	6.24	3.43
600001-1500000	1,248,175	1	5.84	3.21
1500001-5000000	6,953,828	2	32.53	17.86
<b>Total</b>	<b>21,376,688</b>	<b>3726</b>	<b>100.00</b>	<b>54.91</b>
<b>Grant Total (A+B):</b>	<b>38,930,951</b>	<b>3,752</b>		<b>100.00</b>

50,77,950 Bonus shares of Tk.10 each Valued at Tk.5,07,79,501 for the year 2013 has been transferred to Paid up Capital account during the year 2014.

**7.00 Reserve and Contingent Accounts :**

The Company has been made some exceptional reserves from Net profit to meet any future contingencies like Claims losses or any sudden future fund crisis. These reserves are solvency margin of the Company. Details are as hereunder:

Particular	Notes No.	Amount in Taka	
		31.12.2014	31.12.2013
Reserve for Exceptional losses	(7.01)	155,566,523	125,468,197
General Reserve fund	(7.02)	7,500,000	7,000,000
Investment Fluctuation fund (Fair Value Reserve)	7.03	50,850,025	40,850,025
Retained Earnings	(24.00)	60,195,194	53,222,231
<b>Total Reserve &amp; Surplus :</b>		<b>274,111,742</b>	<b>226,540,453</b>

**7.01 Reserve for Exceptional Losses:**

As per Paragraph 2 of Forth Schedule of Income Tax Ordinance 1984, as earlier, for the year, 10% of the net premium income was transferred to reserve for exceptional losses. Details of calculation as hereunder:

Particular	Notes No.	Amount in Taka	
		31.12.2014	31.12.2013
Opening balances	Notes No.	125,468,196	100,491,087
Add: Transferred during the year (Tax exempted)	7.01.a	30,098,327	24,977,109
<b>Closing balance as on December 31, 2014</b>		<b>155,566,523</b>	<b>125,468,196</b>

**7.01.a Classwise Exceptional Loss Reserve :**

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.

Particular	Net Premium	At 10% of Net Premium on:	
		Amount in Taka	
		31.12.2014	31.12.2013
<b>10% Exceptional Loss Reserve on Net Premium</b>			
01. Fire Insurance Business	48,699,806	4,869,981	6,900,973
02. Marine Insurance Business	128,029,999	12,803,000	11,429,782
03. Motor Insurance Business	40,138,767	4,013,877	4,402,800
04. Miscellaneous Insurance Business	84,114,693	8,411,469	2,243,555
<b>Total</b>	<b>300,983,265</b>	<b>30,098,327</b>	<b>24,977,110</b>



**7.02 General Reserve Fund Account:**

The company has created a General Reserve fund from financial year 2009 for avoiding any sudden fund crisis and contingency in future.

Opening Balance :  
Add : Transferred during the year  
Closing balance as on December 31,2014

Amount in Taka	
31.12.2014	31.12.2013
7,000,000	6,500,000
500,000	500,000
<b>7,500,000</b>	<b>7,000,000</b>

**7.03 Investment Fluctuation Fund (Fair Value Reserve) :**

Opening Balance  
Add: Provision made during the year  
Closing balance as on December 31,2014

Amount in Taka	
31.12.2014	31.12.2013
40,850,025	28,350,025
10,000,000	12,500,000
<b>50,850,025</b>	<b>40,850,025</b>

**8.00 Balance of Fund and Accounts (Un-Expired Risk Reserve) :**

As per para 27A(2)(b) Insurance Act, 1938 \* for the purpose of Sub-section (1) the company has made necessary provision for Un-expired risk reserve during the year @40% of net premium on Fire, Marine, Motor, Miscellaneous and 100% on Marine Hull business. Classwise Un-expired risk reserve details are as follows:

Class of busines	Net Premium	Percentage	Amount in Taka	
			31.12.2014	31.12.2013
01. Fire	48,699,806	40%	19,479,922	27,603,893
02. Marine	127,997,639	40%	51,199,055	40,628,451
03. Marine Hull	32,360	100%	32,360	12,726,699
03. Motor	40,138,767	40%	16,055,507	17,611,198
04. Miscellaneous	84,114,693	40%	33,645,877	8,974,219
<b>Total</b>	<b>300,983,265</b>		<b>120,412,721</b>	<b>107,544,460</b>

**9.00 Premium Deposit:**

The above mentioned amount includes premium received against cover notes for which policies have not been issued within 31st December, 2014. While the risks against non-marine and marine hull have been assumed from the issuance of cover notes, risk against marine cargo have not been assumed until shipment advices are provided and accordingly policies are issued.

Closing balance as on December 31,2014

**41,638,600**      **45,411,809**

**10.00 Estimated Liability in Respect of Outstanding Claims Whether due or Intimated:**

Class of business	Amount in Taka	
	31.12.2014	31.12.2013
Fire	5,455,230	3,834,261
Marine	29,911,972	27,911,972
Motor	6,383,447	4,383,447
Miscellaneous	4,225,489	3,565,319
<b>Closing balance as on December 31,2014</b>	<b>45,976,138</b>	<b>39,694,999</b>

All the claims of which the Company received intimations within December 31, 2014 have been taken into consideration while estimating the liability in respect of outstanding Claims

**11.00 Amount due to other Persons or Bodies carrying on Insurance Business :**

This amount is payable to Shadharan Bima Corporation and other Foreign Re-insurers and Private sector Insurance companies on account of re-insurance arrangements with them and to other local Insurance Companies under co-insurance premium. Break up of the amount is as under:

	Amount in Taka	
	31.12.2014	31.12.2013
01. Shadharan Bima Corporation (SBC) for Re-insurance Ceded	96,664,978	83,442,372
02. Co-Insurance Claims Payable to others Insurance Company	-	-
03. Co-Insurance Premium Payable to others Insurance Company	3,965,892	2,885,524
04. Overseas Re-insurer (Premium Payable to LB Boda)	-	7,714,858
<b>Closing balance as on December 31,2014</b>	<b>100,630,870</b>	<b>94,042,754</b>

**12.00 Sundry Creditors (including provision for expenses and taxes) :**

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

Particular	Notes No.	Amount in Taka	
		31.12.2014	31.12.2013
Audit fees payable	12.01	516,175	528,675
VAT payable including client	12.02	5,416,552	3,169,652
Employees' Tax deduction at source		144,722	84,870
Income Tax deduction at source		158,758	93,127
Bills payable		144,820	144,820
Insurance stamps on deposit premium	12.03	24,816,568	22,658,821
Security Deposit		2,075,082	2,075,082
Unclaimed dividend	12.04	3,160,465	3,160,465
Gratuity fund	12.05	5,759,483	6,279,980
Provision for expenses	12.06	11,245,125	10,650,262
Provident fund payable	12.07	2,645,459	3,023,054
Salary payable		2,224,142	2,458,012
Payable for acquisition of Head Office Space	12.08	2,500,000	17,620,000
Margin account	-	-	-
<b>Closing balance as on December 31,2014</b>		<b>60,807,351</b>	<b>71,946,820</b>



**12.01 Audit Fees Payable :**

Opening Balance
Add: Provision during the year
<b>Total</b>
Less: Paid during the year.
<b>Closing balance as on December 31,2014</b>

Amount in Taka	
31.12.2014	31.12.2013
528,675	484,925
200,000	200,000
<b>728,675</b>	<b>684,925</b>
212,500	156,250
<b>516,175</b>	<b>528,675</b>

**12.02 VAT Payable :**

Opening Balance
Add: Payable during the year
<b>Total</b>
Less: Paid during the year
<b>Closing balance as on December 31,2014</b>

Amount in Taka	
31.12.2014	31.12.2013
3,169,652	375,563
32,991,369	37,734,260
<b>36,161,021</b>	<b>38,109,823</b>
30,744,469	34,940,171
<b>5,416,552</b>	<b>3,169,652</b>

As per National Board of Revenue (NBR) General Circular No-10/VAT/2002 dated 28-11-2002 and as Ammended Circular No-03/VAT/2003 dated 01/04/2003 VAT payable amount has been deposited to the Bangladesh Bank through challan within 15th day of following month and submitted a return to the VAT Authority within 20th day of the following month.

**12.03 Insurance Stamp on Deposit Premium :**

Opening Balance
Add: Payable during the year
<b>Total</b>
Less: Paid during the year
<b>Closing balance as on December 31,2014</b>

Amount in Taka	
31.12.2014	31.12.2013
22,658,821	17,938,154
28,146,725	25,411,575
<b>50,805,546</b>	<b>43,349,729</b>
25,988,978	20,690,908
<b>24,816,568</b>	<b>22,658,821</b>

**12.04 Unclaimed Dividend :**

Unclaimed dividend amounting to Tk. 31,60,465.00 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.

**12.05 Gratuity Fund :**

The company has been made the provision for Employee's Gratuity Fund during the year as per Bangladesh Accounting Standard (BAS)-19 under "Employee's Retirement Benefit scheme".

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	6,279,980	9,588,432
Add: Provision made during the year	2,500,000	2,400,000
<b>Total :</b>	<b>8,779,980</b>	<b>11,988,432</b>
Less: Transferred to the Gratuity Fund Account.	2,500,000	4,000,000
Less: Paid to the Employee's from company's own fund.	520,497	1,708,452
<b>Closing balance as on December 31,2014</b>	<b>5,759,483</b>	<b>6,279,980</b>

**12.06 Provisions for expenses:**

Particular	Notes No.	Amount in Taka	
		31.12.2014	31.12.2013
Incentive	12.06.01	10,630,262	9,696,558
Health Insurance		-	365,955
Mobile		60,700	57,200
Telephone (Res)		17,500	15,000
Telephone (Off)		30,234	29,350
Electricity		106,400	90,700
Car Allowance		144,800	176,270
Car Fuel		133,829	113,329
Car Maint.		121,400	105,900
Provision for Other Advances	12.06.2	-	-
<b>Closing balance as on December 31,2014</b>		<b>11,245,125</b>	<b>10,650,262</b>

**12.06.1 Incentive Bonus for Employee's :**

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	9,696,558	7,798,621
Add: Provision during the year	9,227,256	9,023,007
<b>Total</b>	<b>18,923,814</b>	<b>16,821,628</b>
Less : Paid during the year	8,293,552	7,125,070
<b>Closing balance as on December 31,2014</b>	<b>10,630,262</b>	<b>9,696,558</b>



### 12.06.2 Provision for Other Advances :

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

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	-	2,303,261
Add : During the Year provision	-	-
<b>Balance as on 31st December,2014</b>	<b>-</b>	<b>2,303,261</b>
Less: Adjustment during the year	-	2,303,261
<b>Balance adjusted as on December 31,2014</b>	<b>-</b>	<b>-</b>

### 12.07 Provident Fund Payable :

The above represents amount taken as a loan from the employee's Provident Fund for the purpose of meeting administrative expenses of the company. During the year provision made for Employee's Provident Fund as per Bangladesh Accounting Standard (BAS)-19 under "Employee's Retirement Benefit scheme".

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	3,023,054	2,938,905
Add : Provision made during the year	5,228,350	4,307,660
<b>Total Fund :</b>	<b>8,251,404</b>	<b>7,246,565</b>
<b>Total Provident fund Transferred &amp; Paid (Less)</b>	<b>5,605,945</b>	<b>4,223,511</b>
Less : Transferred to the Employee's Provident fund Account.	5,154,098	4,209,926
Less : Paid to the Employee's from company's own fund.	451,847	3,585
<b>Closing balance as on December 31,2014</b>	<b>2,645,459</b>	<b>3,023,054</b>

### 12.08 Payable for Acquisition of Head Office Space

	Amount in Taka	
	31.12.2014	31.12.2013
Acquisition of Head office Space :		
Tropical Homes Ltd	17,620,000	32,740,000
Less : Payment during the year	15,120,000	5,120,000
<b>Closing balance as on December 31,2014</b>	<b>2,500,000</b>	<b>17,620,000</b>

**13.00 Corporate Income Tax Provision :**

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

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance as on 1st January,	114,744,712	81,209,775
Add : Provision made during the year (13.a)	40,182,708	40,621,555
Total	154,927,420	121,831,330
Less : Adjustment made for Assessment year 2010-2011.	-	7,086,618
Closing balance as on December 31,2014	154,927,420	114,744,712

**13.a Provision for Income Tax :****Statement of Income:**

Particulars	Taxable income	Exempted/Tax holiday income	Taxable Income
Income from business Or Profession (U/S-28 of Income Tax Ordinance 1984.)	78,143,139	30,098,327	48,044,812
Interest Income from FDR & STD Accounts (U/S-22)	39,108,342	-	39,108,342
Capital gain from Share Investment Income (U/S -31).	15,555,195	-	15,555,195
Dividend Income from Share Investment (U/S -54 Rule-19).	3,763,563	-	3,763,563
Capital gain Income,(Sales of Motor car & Fixed assets) U/S -16(3)	-	-	-
Others Income (U/S-33)	1,963,260	-	1,963,260
<b>Total Profit / Income(before Tax ) :</b>	<b>138,533,499</b>	<b>30,098,327</b>	<b>108,435,172</b>

**Computation of Current Tax provision during the year**

Particulars	Notes No:	Taxable income	Rate of Tax percentage	Tax provision
Income tax on business @ 42.50%		48,044,812	42.50	20,419,045
Income Tax on Interest Income @42.50%	25	39,108,342	42.50	16,621,045
Income tax on Capital gain from Share Investment @10%	26	15,555,195	10	1,555,520
Income tax on Dividend Income from Share Investment @20%	26	3,763,563	20	752,713
Income Tax on sales of Motor Car & Fixed Assets @15%	27.01-02	-	15	-
Others Income @42.50%	27.03	1,963,260	42.50	834,386
<b>Total Tax liability during the year :</b>		<b>108,435,172</b>		<b>40,182,708</b>



**13.b Provision for Deferred Tax :**

The company has been making lump sum provision for deferred tax liability in order to comply with the requirements of BAS-12 "Income Taxes". The company has been continued deferred tax provision until a satisfactory level is achieved for the year from 2005.

The impact on the account of changes in the deferred tax assets and liabilities for the year ended December 31, 2014 has been recognized in the Statement of Comprehensive Income (profit & loss account) as per "BAS-12 "Income Taxes".

	Amount in Taka	
	31.12.2014	31.12.2013
Balance brought forward	4,500,000	4,000,000
Add : Provision made during the year	-	500,000
Closing balance as on December 31,2014	4,500,000	4,500,000

**14.00 Property, Plant & Equipment details shown in annexure "A"****14.01 BUILDING PROPERTY ( HEAD OFFICE SPACE ) :****14.01 Tropical Molla Tower :**

The management of the company in the process of acquisition of its own assets has purchased two floors measuring 15,000 sqf. approximately (4th and 5th floor ) including 6 (six) Car spaces a total amount of TK.10,29,00,000/= (Ten Crore twenty nine lac ) only for the purpose of Head office space from "Tropical Homes Limited". The name of the building is "Tropical Molla Tower" situated at 15/1,15/2,15/3 & 15/4, Progati Sarani, Badda, Dhaka-1212. The Board of director's in its 215th Board meeting dated 28-07-2011 accorded approval for purchase of the floor. During the year the company paid 12 (Twelve ) installment for Tk.1,51,20,000/= (One Crore Fifty one lac twenty thousand) only and total paid amounting is Tk.10,04,00,000/= and balance amount of Tk.25,00,000/= will be paid within February, 2015 by 2 (Two) installments. The possession of the above property has not yet taken as such no depreciation has been charged on the cost amount. As per agreement the space will be handed over in the month of May 2015. Details are as follows :

	Amount in Taka	
	31.12.2014	31.12.2013
Head office Space (Cost )	102,900,000	102,900,000
Total :	102,900,000	102,900,000

**14.01.A Tropical Molla Tower :****a. Tropical Molla Tower (Head Office Space Purchase) :****b. Payment Movement :**

Opening balance

During the year paid 12 (Twelve ) installment

**Total paid :****Balance as on 31 December 2014 (a-b) :**

Amount in Taka	
31.12.2014	31.12.2013
102,900,000	102,900,000
85,280,000	70,160,000
15,120,000	15,120,000
100,400,000	85,280,000
2,500,000	17,620,000

**14.02 Fixed Assets :****A. Cost Price :**

Cost of Fixed Assets as on January 1,2014

Add : Addition during the year

Less: Adjustment/Disposal during the year

**Cost of Fixed Assets as on December 31,2014****B. Accumulated Depreciation :**

Accumulated Depreciation Balance 1st January,2014.

Add : Depreciation during the year

Less : Disposal /Adjustment during the year

**Accumulated Depreciation Balance at 31st December,2014**

Written Down Value As on December 31,2014.(A-B)

Less : Building Property (Head Office Space Purchase ) (14.01

**Office Equipment & Other Fixed Assets :**

Amount in Taka	
31.12.2014	31.12.2013
184,212,280	168,705,789
8,229,087	16,131,491
-	625,000
192,441,367	184,212,280
35,022,421	27,229,738
9,032,468	8,417,685
-	625,000
44,054,889	35,022,423
148,386,478	149,189,857
102,900,000	102,900,000
45,486,478	46,289,857

**15.00 Investment (at cost) :**

The investment represents investment made in listed and non listed securities and Mutual fund. Details are here under :

a) 10 Years Bangladesh Treasury Bond @ 9.45%

b) Investment in Listed Securities

c) Investment in Non listed Securities

(5,71,181 No Shares in Central Depository (BD) Ltd.).

d) Investment in Mutual Fund

**Closing balance as on December 31,2014**

Amount in Taka	
31.12.2014	31.12.2013
9,000,000	9,000,000
137,785,955	171,929,897
1,569,450	1,569,450
3,834,591	3,834,591
152,189,996	186,333,938



- 15.a The amount Tk. 90,00,000/- represents statutory deposit with Bangladesh Bank as required under Sec.7(1) of the Insurance Act, 1938 as amended 2010.

**10 Years Bangladesh Govt. Treasury Bond @ 9.45%**

Prime Bank Ltd , Islami Banking branch, Dhaka.

Amount in Taka	
31.12.2014	31.12.2013
9,000,000	9,000,000

- 15.b **Invested in Listed Securities :**

Comparison between cost price and Market price of quoted shares as on 31-12-2014

Name of Company	Quantity	Average Cost Price (Tk.)	Total Cost Value(Tk.)	Average Market Price (Tk.)	Total Market Value(Tk.)
AB Bank Ltd	78,150	62.65	4,896,128.76	29.90	2,336,685.00
Al- Arafah Islami Bank	121,474	29.83	3,623,569.42	14.90	1,809,962.60
Asia Insurance Ltd	4,200	27.61	115,962.00	22.50	94,500.00
Beximco Pharma	35,065	85.23	2,988,589.95	58.70	2,058,315.50
Brac Bank Ltd	6,600	28.02	184,932.00	37.20	245,520.00
BSRM Steel Ltd	39,060	184.06	7,189,383.60	87.70	3,425,562.00
City Bank	262,200	39.45	10,342,846.08	21.80	5,715,960.00
Dhaka Bank Ltd	57,211	32.58	1,863,934.38	18.30	1,046,961.30
Dhaka electric supply Co.	170,750	122.31	20,884,432.50	69.50	11,867,125.00
Eastern Bank	62,775	53.71	3,371,645.25	27.20	1,707,480.00
Exim Bank	66,895	30.23	2,022,235.85	11.10	742,534.50
Fareast Islami Life	15,093	174.16	2,628,596.88	75.10	1,133,484.30
First Lease Finance	41,250	57.38	2,366,925.00	19.50	804,375.00
Glaxo smithkline	7,800	1391.46	10,853,388.00	1512.00	11,793,600.00
Jamuna Bank Ltd.	10,599	5.80	61,477.20	12.30	130,367.70
Jamuna Oil Co.	2,222	172.09	382,383.98	205.90	457,509.80
Lankabangla Finance	41,175	124.11	5,110,229.25	44.00	1,811,700.00
Linde Bangladesh Ltd	1,000	831.63	831,630.00	914.60	914,600.00
Mercantile Bank Ltd	72,604	27.95	2,029,281.80	13.70	994,674.80
National Bank	179,615	50.85	9,133,422.75	11.40	2,047,611.00
One Bank Ltd	186,127	41.35	7,696,351.45	15.80	2,940,806.60
Phoenix Finance & Invt.	11,582	98.73	1,143,490.86	26.90	311,555.80
Powergrid Com. Of (Bd)	5,500	75.85	417,175.00	40.40	222,200.00
Progati Life Insurance	3,292	275.68	907,538.56	100.50	330,846.00
Prime Bank Ltd.	79,200	38.45	3,045,240.00	19.60	1,552,320.00
Prime Islami Life Ins.	18,819	215.23	4,050,413.37	79.40	1,494,228.60
Pubali Bank Ltd.	63,475	60.37	3,832,277.74	25.50	1,618,612.50
RAK Ceramics	8,930	32.79	292,814.70	57.70	515,261.00
Rupali Bank Ltd.	1,669	74.51	124,357.19	59.20	98,804.80
Shinepukur Ceramics Ltd	7,603	59.38	451,466.14	14.40	109,483.20
Standard Bank Ltd	35,942	33.21	1,193,633.82	12.70	456,463.40
Summit Power	37,950	57.11	2,167,324.50	38.30	1,453,485.00
Union Capital Ltd	47,961	98.25	4,712,168.25	21.20	1,016,773.20
United Insurance Co. Ltd.	10,000	142.96	1,429,557.00	33.90	339,000.00
Uttara Bank Ltd	107,357	87.85	9,431,312.45	25.90	2,780,546.30
Uttara Finance Ltd	17,248	177.27	3,057,552.96	74.90	1,291,875.20
RAK Ceramics	19,236	153.48	2,952,286.54	57.97	1,115,110.20
<b>Total:</b>	<b>1,937,629</b>		<b>137,785,955</b>		<b>68,785,900</b>

## 15.c Invested in Non Listed Securities :

Name of Company	Quantity	Average Cost Price (Tk.)	Total Cost Value (Tk.)	Average Market Price (Tk.)	Total Market Value (Tk.)
Central Depository Co.Ltd.	571,181	2.75	1,569,450	2.75	1,569,45
<b>Total :</b>	<b>571,181</b>	<b>2.75</b>	<b>1,569,450</b>	<b>2.75</b>	<b>1,569,450</b>

## 15.d Invested in Mutual Fund:

Name of Company	Quantity	Average Cost Price (Tk.)	Total Cost Value (Tk.)	Average Market Price (Tk.)	Total Market Value (Tk.)
Prime Bank 1st ICB	100,000	10.00	1,000,000.00	4.40	440,000.00
EBL 1st Mutual fund	32,747	16.72	547,470.90	5.30	173,559.10
Prime Finance 1st M.Fund	51,000	40.52	2,066,520.00	16.40	836,400.00
PHP First Mutual Fund	21,874	10.09	220,600.54	4.70	102,807.80
<b>Total :</b>	<b>203,747</b>		<b>3,834,590.90</b>		<b>2,184,629.00</b>
<b>Grand Total : (b+c+d )</b>			<b>143,189,996.08</b>		<b>72,539,979.30</b>

The Market value of above stated shares is lower by Tk.(7,06,50,016.78)/= . The comparative position of market value and cost price of the shares included in the other investment has been shown above. If capital gain from sale of share Tk.1,55,55,195/= during the year is taken in to consideration that the loss amount of market price reduced to Tk.5,50,94,821.78

The company has earned an amount of Tk.1,93,18,760/= as capital gain from sale of shares & dividend income. This amount has been shown in the Profit & Loss Statement and the income tax there on calculated @10% on the capital gain as per the provision of section 2(32) of the Income Tax Ordinance 1984. The company has made an Investment fluctuation fund from Profit after Tax and transferred to the Investment fluctuation fund for an amount of Tk. 1,00,00,000/= from current year's profit. The total fund as of December 31, 2014 stood Tk. 5,08,50,025/=.

It may be mentioned here that the company has been making continuous provision to adjust the cost price down in the share market as per BAS -39.

As per decision of the Management the investment value has been shown at cost in the financial statement without complying the BAS -39.



**16.00 Stock of Stationery ( Inventories ) :**

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	3,134,947	2,778,763
Add : Purchase during the year	1,961,118	1,746,467
Total Inventories	5,096,065	4,525,230
Less :Total Utilization / Consumption	1,252,604	1,390,283
Closing balance as on December 31,2014	3,843,461	3,134,947

**17.00 Premium Collection Control Account :**

Outstanding premium of Marine Hull for the year 2013 was adjusted and during the year Tk. 66,41,168.00 has been added against Marine Hull which will be adjusted next year.

Break-up of the above amount is given below:

	Amount in Taka	
	31.12.2014	31.12.2013
01. Fire	-	-
02. Marine (previous)	-	-
03. Marine	-	-
04. Marine Hull	6,641,168	5,268,750
05. Motor & Miscellaneous	-	-
Closing balance as on December 31,2014	6,641,168	5,268,750

**18.00 Interest Accrued but not Received :**

a) On Fixed Deposit with different bank	15,195,038	19,258,512
b) 10 years Bangladesh Govt. Treasury Bond (9.45 % )	396,124	396,124
Closing balance as on December 31,2014	15,591,162	19,654,636

**19.00 Amount due from other persons or bodies carrying on Insurance business :**

01. Co-insurance premium receivable from Other's Insurance Company	4,368,949	5,404,404
02. Co-Insurance Claims Receivable from Other's Insurance Company	1,273,003	1,273,003
03. Claims Recoverable from SBC Portion.	91,338,122	82,213,370
Closing balance as on December 31,2014	96,980,074	88,890,777

**20.00 Sundry Debtors (including advances, deposits and pre-payments) :**

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

Particular	Notes No.	Amount in Taka	
		31.12.2014	31.12.2013
Advance to Unique Heights (Head office Floor Purchase)	20.01.c	144,411,600	60,000,000
VAT receivable on collection control premium	20.02	7,136,935	9,225,456
Stamp receivable on collection control premium	20.03	9,266,319	9,436,484
Advance Income Tax	20.04	143,245,253	114,847,019
Advance office rent		6,661,373	7,749,403
Advance against salaries		2,065,978	2,257,937
Security Deposit		228,574	228,574
Advance to suppliers		137,300	137,300
Advance against Travel Expenses		215,693	215,693
Other Advances	20.05	-	-
<b>Closing balance as on December 31,2014</b>		<b>313,369,025</b>	<b>204,097,866</b>

**20.01 Unique Heights**

**20.01.a** The company has purchased two units Head Office Space measuring Unit-01, 8,700 sft, per sft Tk. 11,000/= and unit-02, 2,800 sft, per sft Tk.10,800/= at Unique Heights (10th floor) including 5 (five) Car spaces cost Tk. 40,00,000/= (forty Lac ) and total amounting to Tk. 12,99,40,000/= (Twelve crore ninety nine lac forty thousand) excluding Registration fees, VAT & stamp duty for Head office space purpose from Unique Heights as the name of the Building "Unique Heights" (10th floor) situated at 117, Kazi Nazrul Islam Avenue, Ramna, Dhaka. The Board of Director in its 242th Board meeting dated 10/10/2013 approved to purchased two Space for Head office Space. As per deed of agreement the mode of payment were down payment of Tk. 6,00,00,000/= (Six Crore) paid as booking money on 07/11/2013 Vide Pay Order No-1562125 & 1562126 dated 05/11/2013 drawn on Standard Chartered Bank and during the year Paid an amount Tk.4,89,00,000/- and the balance amount Tk.2,10,40,000/- will be paid within January 2015. The company has not taken up the possession of the above property yet as such no depreciation has been charged on the cost amount. Details are as follows :

**Unique Heights :**

a. Unique Heights (Head Office Space Purchase) :

Amount in Taka	
31.12.2014	31.12.2013
129,940,000	129,940,000



**20.01.b Unique Heights (Unit-3):**

During the year 2014 company has purchased another one units Head Office Space measuring 4,236 sft, per sft Tk. 10,800/- and at Unique Hights (10th floor) including 2 (two) Car spaces cost Tk. 16,00,000/- (Sixteen Lac ) and total amounting to Tk. 4,73,48,800/- (Four crore seventy three lac forty eight thousand eight hundred) excluding Registration fees, VAT & stamp duty for Head office space purpose from Unique Hights as the name of the Building "Unique Heights" (10th floor) situated at 117, Kazi Nazrul Islam Avenue, Ramna, Dhaka. The Board of Director in its 246th Board meeting dated 11/03/2014 approved to purchased another Space for Head office Space. As per deed of agrrement the mode of payment 50% were down payment of Tk. 2,36,74,400/- (Two Crore thirty six lac seventy four thousand four hundred ) paid as booking money on 25/03/2014 Vide Cheque No-0316593 dated 25/03/2014 drawn on Standard Chartered Bank and 25% of Tk. 1,18,37,200/- paid by cheque no- 1215641 on May 27, 2014 and the balance amount of Tk.1,18,37,200/- will be paid at the time of registration of the floor space. The company has not taken up the possession of the above property yet as such no depreciation has been charged on the cost amount. Details are as follows :

**Unique Heights (Unit-3) :**

Unique Heights (Head Office Space Purchase Cost Value) : 47,348,800/-

**20.01.c. Total Floor Purchase from Unique Heights (at Cost):**

a. Unique Heights (Unit-1 & Unit-2) :

b. Unique Heights (Unit-3) :

Total :

Amount in Taka	
31.12.2014	31.12.2013
129,940,000	129,940,000
47,348,800	-
<b>177,288,800</b>	<b>129,940,000</b>

**Payment Movement to Unique Heights (Advance) :**

Opening balance

During the year paid as Advance

Total paid :

Balance as on December 31, 2014.

60,000,000	-
84,411,600	60,000,000
<b>144,411,600</b>	<b>60,000,000</b>
<b>32,877,200</b>	<b>69,940,000</b>

**20.02 VAT Receivable on Collection Control Premium :**

Opening Balance

Add: Receivable during the year

Total

Less: Received during the year

Closing balance as on December 31,2014

9,225,456	11,313,977
32,991,369	37,726,146
<b>42,216,825</b>	<b>49,040,123</b>
35,079,890	39,814,667
<b>7,136,935</b>	<b>9,225,456</b>

**20.03 Stamp Receivable on Collection Control Premium :**

Opening Balance

Add: Receivable during the year

Total

Less: Received during the year

Closing balance as on December 31,2014

9,436,484	13,480,751
28,146,725	25,349,891
<b>37,583,209</b>	<b>38,830,642</b>
28,316,890	29,394,158
<b>9,266,319</b>	<b>9,436,484</b>

**20.04 Advance Corporate Income Tax :**

	Notes No:	Amount in Taka	
		31.12.2014	31.12.2013
1. Corporate Advance Tax	20.04.01	115,197,233	92,197,233
2. Advance Tax deduction at Source on Bank Interest	20.04.02	28,048,020	22,649,786
<b>Total Corporate Tax as on December 31,2014</b>		<b>143,245,253</b>	<b>114,847,019</b>

**20.04.1 Corporate Advance Tax :**

Opening Balance		92,197,233	73,197,233
Paid during the year		23,000,000	24,055,218
<b>Closing Balance :</b>		<b>115,197,233</b>	<b>97,252,451</b>
Less : Adjustment made during the year for Assessment Year 2010-2011		-	5,055,218
<b>Total Corporat Tax as on December 31,2014</b>		<b>115,197,233</b>	<b>92,197,233</b>

**20.04.2 Advance Tax deduction at source on Bank Interest and Cash Dividend Income :**

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.

	Notes No:	Amount in Taka	
		31.12.2014	31.12.2013
<b>Balance on different source</b>			
Balance on FDR Account	20.04.02(a)	21,404,193	17,230,448
Balance on NIB Account :	20.04.02(b)	1,383,750	1,383,750
Balance on STD Account	20.04.02(c)	1,389,688	1,257,211
Balance on Cash Dividend Received Account	20.04.02(d)	2,700,337	1,959,377
Balance on company's Car	20.04.02(e)	1,170,052	819,000
<b>Total balance as on December 31,2014</b>		<b>28,048,020</b>	<b>22,649,786</b>

**20.4.2.a Advance Tax deduction at source on FDR Interest :**

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

<b>Opening Balance</b>	<b>17,230,448</b>	<b>15,088,285</b>
During the Year deduction	4,173,745	4,027,417
<b>Balance as on 31 December</b>	<b>21,404,193</b>	<b>19,115,702</b>
Less : Adjustment made during the year for Assessment Year 2010-2011	-	1,885,254
<b>Closing balance as on December 31,2014</b>	<b>21,404,193</b>	<b>17,230,448</b>

**20.4.2.b Advance Tax deduction at source on 10 Years Bangladesh Treasury Bond Account Interest :**

This is made up as follows

<b>Opening Balance</b>	<b>1,383,750</b>	<b>1,383,750</b>
During the Year deduction	-	-
<b>Balance as on 31 December</b>	<b>1,383,750</b>	<b>1,383,750</b>
Less : Adjustment made during the year.	-	-
<b>Closing balance as on December 31,2014</b>	<b>1,383,750</b>	<b>1,383,750</b>



**20.4.2.c Advance Tax deduction at source on STD Account Interest :**

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

	Amount in Taka	
	31.12.2014	31.12.2013
Opening Balance	1,257,211	725,793
During the Year deduction	132,477	555,077
Balance as on 31 December	1,389,688	1,280,870
Less : Adjustment made during the year for Assessment Year 2010-2011	-	23,659
Closing balance as on December 31,2014	1,389,688	1,257,211

**20.4.2.d Advance Tax deduction at source Cash Dividend Received Account :**

The above advance tax has been Paid against Cash dividend received. Details are given below :

Opening Balance	1,959,377	998,834
During the Year deduction .	740,960	1,071,030
Balance as on December 31,2014	2,700,337	2,069,864
Less : Adjustment made during the year for Assesement Year 2010-2011	-	110,487
Closing balance as on December 31,2014	2,700,337	1,959,377

**4.2.e Advance Tax Paid against Company's Car :**

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

Opening Balance	819,000	501,000
During the Year deduction (20.03.02.e.i)	351,052	330,000
Balance as on December 31,2014	1,170,052	831,000
Less : Adjustment made during the year for Assesement Year 2010-2011	-	2,000
Closing balance as on December 31,2014	1,170,052	819,000

## 20.4.2.e.(i) Carwise Advance Tax paid by Company :

SL.No.	Particulars	Voucher No.	Amount in Taka	
			31.12.2014	31.12.2013
1	Dhaka M.Ga-17-4019	V-13, Jan-14	15000	15,000
2	Dhaka M.Ga-33-5292	V-14, Jan-14	15000	15,000
3	Dhaka M.Ga-33-9556	V-81, Jan-14	15000	
4	Dhaka M.Ga-33-4022	V-83, Jan-14	15000	15,000
	Dhaka Metro-Ga-14-5769	V-84, Jan-14	30000	30,000
5	Dhaka Metro-Ga-33-2869	V-39, April-14	15000	15,000
6	Dhaka M.Ga-21-5298	V-36, Mar-13	15000	15,000
7	Dhaka M.Ga-1-8723	V-41 Apr-14	60000	60,000
	Chitta Metro-Ga-12-0454	V-66, June, 14	15000	15,000
8	Dhaka- Metro-Ga-33-4367	V-67, June-14	15000	15,000
9	Khulna- Metro-Bha-11-0219	PQ-8-July-14	15000	-
10	Dhaka Metro-Cha-29-4485	Nov-107-14	6052	
11	Dhaka Metro-Ga--19-0785	Nov-108-14		
12	Dhaka Metro-Ga--21-5294			-
13	Dhaka Metro-Ga-33-4761	V-68, June, 2014	15000	15,000
14	Dhaka Metro-Ga-25-8452			
16	Dhaka Metro-Ga-29-2367	V-69, June, 14	15000	15,000
17	Dhaka Metro-Ga-29-4345	V-55, July, 14	15000	15,000
18	Dhaka Metro-Ga-29-4344	V-67, June, 14	15000	15,000
19	Dhaka Metro-Ga-31-9123	V-88, Sep, 14	15000	15,000
20	Dhaka Metro-Ga-31-9124	V-90, Sep, 14	15000	15,000
21	Dhaka Metro-Ga-31-9125	V-89, Sep, 14	15000	15,000
22	Dhaka Metro-Ga-31-9127	V-87, Sep, 14	15000	15,000
23	Dhaka Metro-Ga--14-8225	V-13, Dec, 13	15,000	
	<b>Total as on December 31, 2014</b>		<b>351,052</b>	<b>330,000</b>

## 20.05 Other Advances :

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

01. Marine Insurance Commission  
**Balance as on December 31, 2014**  
 Less : Adjustment during the year  
**Balance adjusted as on December 31, 2014**

	Amount in Taka	
	31.12.2014	31.12.2013
	-	2,303,261
	-	<b>2,303,261</b>
	-	2,303,261
	-	-



**21.00 Investment in Fixed Deposit Receipts (FDR):**

(a) Fixed deposits with different Banks as on 31 December, 2014, details are as below:

Sl.No.	Particulars	Amount in Taka	
		31.12.2014	31.12.2013
1	Arab Bangladesh Bank Ltd.	9,000,000	8,500,000
2	Al Arafah Islami Bank Ltd.	53,000,000	17,100,000
3	Bank Asia Ltd.	27,500,000	31,500,000
4	Bank Alfalah Ltd.	4,000,000	4,000,000
5	Dhaka Bank Ltd.	-	1,000,000
6	Dutch Bangla Bank Ltd.	10,500,000	10,500,000
7	Eastern Bank Ltd.	6,000,000	4,000,000
8	Exim Bank Ltd.	60,000,000	28,500,000
9	First Secutrity Islami Bank Ltd.	1,000,000	1,500,000
10	First Lease Finance & Investment Ltd.	4,000,000	4,000,000
11	GSP Finance (BD) Ltd.	12,500,000	12,500,000
12	HSBC	2,000,000	2,000,000
13	IDLC Finance Ltd.	18,000,000	17,000,000
14	IFIC Bank Ltd.	16,000,000	13,000,000
15	Islami Bank Bangladesh Ltd.	11,100,000	9,100,000
16	Jumuna Bank Ltd.	17,500,000	14,500,000
17	Mercantile Bank Ltd.	6,000,000	5,500,000
18	Mutual Trust Bank Ltd	7,500,000	6,000,000
19	National Bank Ltd.	1,000,000	4,000,000
20	NCC Bank Ltd.	2,000,000	2,000,000
21	One Bank Ltd.	2,000,000	1,000,000
22	Premier Bank Ltd.	13,700,000	19,700,000
23	Prime Bank Ltd.	69,200,000	83,800,000
24	Prime Finance & Investment Ltd.	5,000,000	3,000,000
25	Peoples Leasing	2,500,000	2,500,000
26	Rajshahi Krishi Unnayan Bank	1,000,000	1,000,000
27	Reliance Finance & Investment Ltd.	2,000,000	2,000,000
28	Shahjalal Islami Bank Ltd.	2,500,000	4,500,000
29	outheast Bank Ltd.	7,500,000	8,000,000
30	Social Islami Bank Ltd.	4,000,000	5,000,000
31	Standard Bank Ltd.	2,000,000	1,000,000
32	State Bank of India.	500,000	500,000
33	Union Capital Ltd.	11,300,000	11,300,000
34	United Commercial Bank Ltd.	8,000,000	7,000,000
35	The Farmers Bank Limited	4,000,000	4,000,000
36	Trust Bank Limited	2,500,000	2,500,000
	<b>Grand- Total</b>	<b>406,300,000</b>	<b>353,000,000</b>

**21.01 Maturity Wise FDR & Share Investments :**

Up to 3 Month (FDR )
Above 3 month to 6 month (FDR )
Above 6 month to 12 month (FDR )
<b>Sub Total (FDR ):</b>
Above 12 month to 5 years (Share Investment )
Above 5 years (10 years Bangladesh Govt.Treasury Bond )
<b>Grant Total :</b>

Amount in Taka	
31.12.2014	31.12.2013
91,000,000	28,200,000
9,100,000	8,500,000
306,200,000	316,300,000
<b>406,300,000</b>	<b>353,000,000</b>
143,189,996	177,333,938
9,000,000	9,000,000
<b>558,489,996</b>	<b>539,333,938</b>

Under rules 4A(5) of the Insurance Rules 1958, Fixed Deposits Receipts amounting to Tk. 3,00,00,000/- (Three crore) including Statutory deposit of Tk. 90,00,000/- could not be encashed without prior permission of the IDRA.

The above amount includes investment in Government Securities and other investment.

**22.00 Cash & Cash Equivalents :**

01. Cash in hand
02. Balance with banks:
a) Short term deposits
b) Foreign Currency Account (USD.2273.68 equivalent @ TK.77.50)
c) Current Deposits
<b>Closing balance as on December 31,2014</b>

Amount in Taka	
31.12.2014	31.12.2013
1,558,086	1,216,756
<b>46,350,472</b>	<b>30,844,341</b>
42,707,182	18,550,767
178,484	178,484
3,464,806	12,115,090
<b>47,908,558</b>	<b>32,061,097</b>



## 23.00 Income Statement :

	Notes No:	Amount in Taka	
		31.12.2014	31.12.2013
Gross Premium Income		550,452,513	544,941,005
Net Premium Reserve Retained (Previous year)		107,544,459	107,971,042
Net Earned Commission		40,591,638	38,195,737
<b>Total Revenue Income : (a)</b>		<b>698,588,610</b>	<b>691,107,784</b>
<b>Less : Expenses :</b>			
Re-Insurance Ceded		220,217,323	260,541,423
Re-Insurance Premium on PSB		29,251,925	34,628,481
Un-Expired Risk Reserve		120,412,721	107,544,459
Management Expenses		128,904,845	106,110,344
Agent commission		76,944,102	72,687,688
Net Claims Paid		19,868,629	11,830,929
<b>Total Expenses : (b)</b>		<b>595,599,545</b>	<b>593,343,324</b>
<b>Operating Profit : (a-b)</b>		<b>102,989,065</b>	<b>97,764,460</b>
<b>Add: Non operating Income :</b>			
Interest income	(25.00)	39,108,342	42,831,234
Investment Income	(26.00)	19,318,758	8,839,656
Income from Motor car & Furniture sales	(27.01 & 02)	-	480,999
Others income	27.03	1,963,260	801,972
<b>Total non operating income</b>		<b>60,390,360</b>	<b>52,953,861</b>
<b>Gross Income :</b>		<b>163,379,425</b>	<b>150,718,321</b>
Less : Non- Operating Expenses (P & L Account) :		24,845,926	23,090,111
<b>Net Profit before Tax:</b>		<b>138,533,499</b>	<b>127,628,210</b>
Less : Provision for Income Tax		40,182,708	40,621,555
Less : Provision for Deferred Tax		-	500,000
<b>Net Profit after Tax</b>		<b>98,350,791</b>	<b>86,506,655</b>
Earning per Share (EPS) after Tax.		2.53	2.23
Price Earning Ratio (Times)		7.83	12.62
<b>Weighted Average No. of Outstanding share</b>		<b>38,930,951</b>	<b>38,930,951</b>

**24.00 Profit and Loss Appropriation Account :**

Opening Balance ( Accumulated un distributed profit ) :

Less: Bonus Share Issued for the year 2013.

Retained Earnings from Previous year

Add : Net Profit for the year

Total Profit :

Appropriation :

Less : Reserve for Exceptional Losses (10% of Net Premium).

Less : Transfer to General Reserve Fund

Less : Transfer to Investment Fluctuation Fund

Closing balace of Accumulated Profit /(loss) :

Amount in Taka	
31.12.2014	31.12.2013
53,222,231	48,848,774
50,779,501	44,156,089
2,442,730	4,692,685
98,350,791	86,506,655
100,793,521	91,199,340
30,098,327	24,977,109
500,000	500,000
10,000,000	12,500,000
60,195,194	53,222,231

**25.00 Interest Income :**

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

01. 10 Years Bangladesh Treasury Bond (9.45% on Tk.9,000,000)

02. On Fixed Deposits

03. On Short Term Deposits

Sub total :

Amount in Taka	
31.12.2014	31.12.2013
850,500	848,169
37,228,605	40,952,783
1,029,237	1,030,282
39,108,342	42,831,234

**26.00 Investment (Share Trading ) Income & Cash Dividend Income**

Income from share Trading

Add : Cash Dividend received from share Investments

Sub Total :

Less :Brokerage Commission and others expenses.

Less :Margine loan Interest

Net Gain from Share Trading :

Amount in Taka	
31.12.2014	31.12.2013
15,555,195	3,459,372
3,763,563	5,380,284
19,318,758	8,839,656
19,318,758	8,839,656

**27.00 Other Non-Operating Income :**

Profit from sale of Motor car

Profit from Sale of Furniture &amp; Fixture

Other Income

Total

Notes No:	Amount in Taka	
	31.12.2014	31.12.2013
27.01.	-	470,999
27.02.	-	10,000
27.03	1,963,260	801,972
	1,963,260	1,282,971



**27.01 Statement of Total Profit / (Loss) from disposal of Motor Car :**

The above amount arrived at as under :

Sl.No.	Particulars
1	Profit from sales of Motor Car
2	Profit form sales of Motor Car
3	Profit from sales of Motor Car

**Total Profit :**

Amount in Taka	
31.12.2014	31.12.2013
-	470,999
-	-
-	-
-	470,999

**27.01.a Profit from sale of Motor Car :**

Cost Price

Less : Accumulated Depreciation

**Written down value**

Sales (Car No DM-Ga-25-5631):

**Profit :**

-	600,000
-	599,999
-	1
-	471,000
-	470,999

**27.02 Profit/(Loss) from Sale of Salvage Furniture & fixture of :**

Cost Price

Less : Accumulated Depreciation

**Written down value**

Sales :

**Profit /(Loss):**

-	25,000
-	25,000
-	-
-	10,000
-	10,000

**27.03 Other Income :**

Service charge recovery &amp; others

Sundry receivable

**Total**

1,963,260	801,972
-	-
1,963,260	801,972

**28.00 Directors Fees :**

The company pays fees to its Directors for attending the Board meeting and its Committee meetings as permitted by Insurance Development and Regulatory Authority. As per IDRA circular no-Pro:Bi:Ni:-15/01/96/Part-1 dated 26-08-2010, a Director may be paid fees for attending Board meeting or its Committee meetings which shall not exceed Tk. 5,000/= (Five thousand) for attending each meeting. Details are as given below :

Particulars	Attendance fee	Meeting held	Total Attended	Amount in Taka	
				31.12.2014	31.12.2013
Board Meeting	5000	16	193	965,000	430,000
Executive Committee Meeting	5000	11	90	450,000	470,000
Audit Committee Meeting	5000	5	32	160,000	315,000
Construction Committee Meeting	5000	4	29	145,000	30,000
<b>Total :</b>			<b>344</b>	<b>1,720,000</b>	<b>1,245,000</b>

It may be mentioned here that the above amount has been accounted for in Statement of Comprehensive Income (Profit and Loss Account) in the Financial Statements Page No-59

**29.00 Audit Fees :**

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

Amount in Taka	
31.12.2014	31.12.2013
160,000	150,000
40,000	50,000
<b>200,000</b>	<b>200,000</b>

**30.00 Registration Renewal Fee :**

This represents fee for renewal of registration with the office of the Insurance Development & Regulatory Authority (IDRA) U/S. 3A of the Insurance Act 1938, Present Insurance Act 2010, which is equivalent to Tk. 3.50 per thousand of Gross direct Premium written during the immediate preceding year of payment.

**31.00 Employee's Salary and Allowances :**

Employee's Salary and Allowances (including CEO salary )  
Employee's Provident fund (Company's contribution).  
Employee's Gratuity fund  
Employee's Incentive Bonus  
Employee's Festival Bonus  
**Total :**

Amount in Taka	
31.12.2014	31.12.2013
73,700,641	58,638,414
2,679,003	2,153,830
2,500,000	2,400,000
9,227,256	9,023,007
5,146,873	4,788,628
<b>93,253,773</b>	<b>77,003,879</b>



**32.00 Chief Executive Officer Salary & Allowances :**

The CEO has been appointed by the Insurance Development & Regulatory Authority with a certain salary scale. The Board of Director has increased his remuneration time to time. In addition to remuneration, he is also provided with Company's car and cell phone. The Chief Executive Officer salaries and allowances status are given below :

	Amount in Taka	
	31.12.2014	31.12.2013
Basic Salary	2,175,547	1,110,000
House Rent	674,193	469,500
House Maintainance	325,645	222,000
Leave fare	325,645	181,500
Medical Allowances	499,224	151,500
Entertainment	337,096	111,900
Festival Bonus	-	170,000
Others Allowance	22,355	155,000
<b>Total</b>	<b>4,359,705</b>	<b>2,571,400</b>

It may be metioned here that the above amount has been shown in Revenue Account as Management expesnes in the Financial Statements Page No-35

**33.00 Agent Commission :**

As directed by the Insurance Development and Regulatory Authority (IDRA) Vide Circular No-Non-Life-32/2012 dated 01/04/2012 appropriate steps have been taken in payment of agency commission and the following pament has been paid to Agency license holders as Agent commission :

	Amount in Taka	
	31.12.2014	31.12.2013
Fire	24,362,502	24,122,275
Marine	26,278,178	21,029,040
Marine Hull	1,136,406	3,507,583
Motor	6,211,591	6,873,399
Miscellaneous	18,955,425	17,155,391
<b>Total :</b>	<b>76,944,102</b>	<b>72,687,688</b>

It may be mentioned that as per Income Tax Ordinance 1984, under section 53 (uma) at Source Tax has been deducted from Agent Commission and deposited to the Bangladesh Bank through challan in the following month.

**34.00 Net Assets Value :**

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

**A. Assets :****a. Fixed Assets (Non Current Assets):**

	Notes No:	Amount in Taka	
		31.12.2014	31.12.2013
Building Property	14.01	102,900,000	102,900,000
Plant & Equipments	14.02	45,486,478	46,289,857
Investment (at cost)	15.00	152,189,996	186,333,938
<b>Total Fixed Assets (Long Term Assets) :</b>		<b>300,576,474</b>	<b>335,523,795</b>

**b. Current Assets :**

Outstanding Premium	17.00	6,641,168	5,268,750
Interest Accrued but not received	18.00	15,591,162	9,654,636
Amount due from other persons or bodies carrying on insurance business	19.00	96,980,074	88,890,777
Sundry Debtors	20.00	313,369,025	204,097,866
Investment in FDR	21.00	406,300,000	353,000,000
Cash and Cash Equivalents	22.00	47,908,558	32,061,097
Stock of Stationery	16.00	3,843,461	3,134,947
Stock of Insurance Stamp		1,104,430	1,324,148
<b>Total Current Assets :</b>		<b>891,737,878</b>	<b>707,432,221</b>
<b>Total Assets (A=(a +b) :</b>		<b>1,192,314,352</b>	<b>1,042,956,016</b>

**B. Liabilities :****a. Long Term Liabilities (Non Current Liabilities):**

Paid-up Share Capital	6.b	389,309,510	338,530,010
Reserves & Contingent Accounts	7.00	274,111,742	226,540,452
<b>Total Long Term Liabilities :</b>		<b>663,421,252</b>	<b>565,070,462</b>

**b. Current liabilities :**

Balance of Fund Accounts :	8.00	120,412,721	107,544,460
Premium deposit	9.00	41,638,600	45,411,809
Estimated liability in respect of			
Outstanding claims whethers due or intimated	10.00	45,976,138	39,694,999
Amount due to other persons or bodies carrying on Insurance business	11.00	100,630,870	94,042,754
Sundry Creditors	12.00	60,807,351	71,946,820
Income Tax Provision	13.00	154,927,420	114,744,712
Deferred Tax Provision	13.b	4,500,000	4,500,000

**B.b. Current Liabilities :**

<b>B. Total Liabilities : (B=B.a+B.b)</b>		<b>1,192,314,352</b>	<b>1,042,956,017</b>
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**Net Assets Value : {A-B.b}**

Number of weighted average shares outstanding during the year.

Net Assets Value Per share (Book Value)

Current Ratios (Times):

	663,421,252	565,070,462
	38,930,951	33,853,001
	17.04	16.69
	1.69	1.48



**35.00 Shareholders Funds & Equity :**

	Notes No:	Amount in Taka	
		31.12.2014	31.12.2013
Paid up Capital	6.b	389,309,510	338,530,010
Reserve for Exceptional claims losses	7.01	155,566,523	125,468,197
General Reserve fund	7.02	7,500,000	7,000,000
Investment Fluctuation fund (Fair Value Reserve )	7.03	50,850,025	40,850,025
Retained Earnings	24.00	60,195,194	53,222,231
<b>Total Share holders Funds &amp; Equity</b>		<b>663,421,252</b>	<b>565,070,463</b>

**36.00 Number of Employees Engaged :**

Total number of 297 Employees engaged for whole year whose service has been confirmed and drawn the salary by company's approved Service Rules and pay scale.

**37.00 Event after the Reporting Period ( Balance Sheet Date) :**

The Board of Directors has recommended 10% (Ten) cash dividend and 5% (five) Bonus Share on paid up capital for the year ended December 31, 2014 as per approval of Board meeting held on February 22, 2015 as dividend on paid up capital of Tk. 38,93,09,510/- subject to the approval in the Annual General Meeting (AGM) to be held on March 30, 2015. Proposed dividend for the year is TK. 5,83,96,426.00. After allowing this dividend the accumulated Profit / (loss) of the company will be Tk. 17,98,768.00

Under Bangladesh Accounting Standard (BAS) 10: Events after the Reporting period, dividend declared after the Balance Sheet date should not be classified as a liability at the balance sheet date as the proposed dividend does not represent a present obligation under BAS 37: provisions, contingent Liabilities and Contingent Assets.

**38.00 Transaction with Related Parties :**

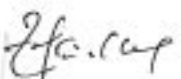
Prime Insurance Company Ltd. in normal course of business, carried out a number of Transactions with other entities that fall within the definition of related party transaction as per Bangladesh Accounting Standard (BAS)-24: and under the condition No 1.5(vi) of the Corporate governance guidelines of the Bangladesh Securities & Exchange Commission rules and regulations. Related Party Disclosures all transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details transactions with related parties and balances with them as at December 31, 2014 are as follows :

Name of the related party	Relationship	Name of transaction	Premium earned	Premium outstanding during the year	Amount realized subsequently	Claim Paid
GQ Group	Common Director	Insurance	225,817	-	-	5,704,325
Dekko group	Common Director	Insurance	10,777,210	-	-	-
Getco	Common Director	Insurance	999,037	-	-	-
Popular Pharma	Common Director	Insurance	1,441,465	-	-	960,348
Famous group	Common Director	Insurance	854,290	-	-	-

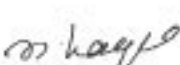
**39.00 Useful information for the Shareholders :****The History of Raising of Share Paid up Capital of Prime Insurance Company Limited. :**

One of the Prime objectives of Prime Insurance Company Ltd. is to provide consistently good return to its shareholders and with that end in view a chronological statements of dividend and capital raising history is given below. From the detail chart it may be observed that company has been maintained and made up a stable and attractive dividend policy in line with the sound underwriting and investment results. The Company has also a policy of timely preparation of its financial statements and holding of AGM.

Year	Particulars	No of Shares	Value per Share(Taka)	Value of Shares ( in Taka)	Cumulative paid up Capital (Value In Taka)
1996	As per MOA & AOA	600,000	100	60,000,000	60,000,000
2000	Initial Public offerings	900,000	100	90,000,000	150,000,000
2007	10% Bonus Shares	150,000	100	15,000,000	165,000,000
2008	10% Bonus Shares (public)	65,466	100	6,546,600	171,546,600
2009	20% Bonus shares	343,093	100	34,309,300	205,855,900
2010	30% Bonus Shares	617,567	100	61,756,770	267,612,670
2011	10% Bonus shares	2,676,126	10	26,761,260	294,373,930
2012	15% Bonus shares	4,415,609	10	44,156,080	338,530,010
2013	15% Bonus shares	5,077,950	10	50,779,500	389,309,510
2014	5% Bonus shares (proposed)	1,946,547	10	19,465,470	408,774,980

  
Md. Zakiullah Shahid  
Chairman

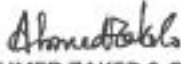
  
Mohammad Khanam  
Chief Executive Officer

  
Nazma Haque  
Director

  
Shah Alam Babul  
Director

Signed as per our separate report of same date.

Place: Dhaka  
Dated: February 22, 2015

  
AHMED ZAKER & CO.  
Chartered Accountants