

# ***DIRECTORS' REPORT***

**Bismillahir Rahmanir Rahim,**

**Assalamu Alaikum,**

**Dear Shareholders,**

On behalf of my colleagues in the Board of Directors of Standard Insurance Limited, I take this opportunity to welcome you all to the 19<sup>th</sup> Annual General Meeting and take the privilege of presenting the Annual Report together with the Audited Financial Statements including Balance Sheet as at 31<sup>st</sup> December 2018, Profit & Loss Account, Revenue Accounts and Cash Flow Statements for the year ended 31<sup>st</sup> December, 2018 and the Auditors' Report thereon.

**Dear Members,**

Your Company Standard Insurance Limited had sailed its anchor at the end of the year 1999 upon getting permission of the Government of the People's Republic of Bangladesh. Since then our efforts in establishing Standard Insurance Limited in a very good position has been going on. Present position of the Company is the result of our joint effort. I believe, our progress will reach its destination by the grace of Almighty Allah along with your co-operation in all respects.

## **GENERAL INSURANCE INDUSTRY AND SIL BUSINESS IN 2018:**

With a view to reforming the Insurance Industry, the Insurance Development and Regulatory Authority (IDRA) had introduced some restrictions on placing sponsor's business. Payment of commission at a uniform rate of 15% in all classes of premium was also introduced since 1<sup>st</sup> April 2012 payable only to properly licensed agents after deduction of 5% tax at source. Some of the big policy holders of your Company like the multinationals took global policies of their risks from their own re-insurance at fantastic low rates of premium for depriving the country of a legitimate share of the premium.

While we have highlighted the back side of the picture, yet we are equally prepared and competent to face the challenges with courage and pragmatism. Efficiency in management, professional skill, careful selection and professionally efficient business underwriting earned for us an image conducive to business environment during the year. As a result you will be happy to know that the gross premium income of your Company was Taka 473.41 million during the year 2018, which you will appreciate in the present adverse market situations and in the fierce competition among the insurers of the country. In this regard we always welcome your valuable suggestions for the betterment of the Company. Inshaallah, our effort shall continue to achieve still better result in the coming days.

## **NET PROFIT AND RESERVE:**

In the face of various hurdles and ups and downs in the market, your Company has been able to retain its operation profitability with a view to building up of a solid base. Standard Insurance Limited earned a net profit of Taka 108.19 million before taxation. Out of the net profit Taka 30.00 million has been transferred to reserve for exceptional loss in order to maintain strong base for meeting future probable exceptional claim or catastrophe. Taka 28.92 million has been transferred to provision for income tax and the balance of net profit has been transferred to retained surplus, general reserve and dividend account.

**EARNING PER SHARE (EPS):**

In the year 2018 – Company’s Net Profit after Tax stood at Tk. 79.26 million which calculates earnings per share (EPS) Tk. 2.01 as compared to 1.62 on Tk. 57.82 million in the previous year 2017.

**5 YEARS PERFORMACE AT A GLANCE:**

(Taka in Million)

Particulars	2018	2017	2016	2015	2014
Gross premium	473.41	214.72	39.40	211.55	386.88
Net premium	279.31	160.95	25.41	109.75	244.50
Claims paid	73.57	(82.21)	0.21	38.29	99.80
Commission Earned	37.54	15.18	2.03	27.39	30.25
Underwriting Profit	29.23	49.72	25.75	59.07	46.63
Investment Income	86.29	53.47	31.90	64.63	76.01
Pre-Tax Profit	108.19	82.29	50.57	113.74	110.04
Tax Provision	28.92	24.47	18.67	37.10	44.09
Investment	893.36	789.38	722.57	751.00	717.91
Total Assets	1121.87	980.39	887.78	896.87	859.09

**DIVIDEND:**

The Board of Directors of the Company after making necessary reserves and provisions as mentioned in the appropriation of profit proposes and recommends for declaration of 10 % Stock dividend for all shareholders for the year 2018 that will involve an amount of Tk.3,93,60,530.00.

**INVESTMENT:**

Your Company has a total investment of Tk. 893.36 million consisting of National Investment Bond, Fixed Deposit with different banks & Shares.

**HUMAN RESOURCES:**

We believe that only a quality & practically skilled hand can produce a quality work. Mere academic qualification cannot bring good performance unless there is a combination of educational and practical knowledge and training thereby. Keeping this in mind, Standard Insurance Limited, since its inception, has been putting emphasis on “On-Job Training”. Officers, on selective basis, have been sent to various training Institutions. To maintain our standard and efficiency we will continue to follow the above policy for keeping our Human Resources well trained so that their potential are gainfully utilized in all purposes.

**GOING CONCERN:**

The Board of Directors of Standard Insurance Limited has made annual assessment about whether there exist material uncertainties which may cast significant concern. The Directors' assessment of whether the Company is a going concern, involves making appropriate inquiries including review of budget, forecast, assumptions and future outcome of inherent uncertainties in existence. The Directors are convinced by some indicators, which give reasonable assurance as to Company's ability to continue as a going concern for the foreseeable future.

## **NOMINATION AND REMUNERATION COMMITTEE (NRC):**

In compliance with the corporate governance code, the board of directors of the company in its meeting held on 25 October 2018 has renamed the remuneration committee as nomination and remuneration committee as a sub-committee of the board with the following non-executives directors:

01	Engr. Md. Khalid Hussain Khan	Chairperson
02	Engr. Md. Shafiqul Haque Talukder	Member
03	Engr. Md. Kaiser Ahmed	Member

Mr. Mohammad Kowser Munshi, the Company secretary will act as the ' Member Secretary' of the NRC. A detailed terms of reference (TOR) of the NRC has also been approved by the board.

## **CREDIT RATING:**

You may be aware that the Insurance Development and Regulatory Authority had earlier instructed all Insurance Companies for mandatory Credit Rating. The Credit Rating result of your Company comes out satisfactory. Argus Credit Rating Service Ltd. (ACRSL) has done the Rating. We have been awarded "(A)" which denotes "Good Financial Security".

## **BOARD MEETING ATTENDANCE:**

During the year, 5 (Five) Board Meetings were held. The attendance of the Directors is shown in Annexure-1.

## **PATTERN OF SHAREHOLDING:**

The pattern of shareholding as per clause 1.5 (xxiii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 is shown in Annexure-2.

## **KEY OPERATING AND FINANCIAL DATA:**

The Company's summarized key operating and financial data for the last five years are shown in page-12.

## **BRIEF RESUME OF THE DIRECTORS:**

Brief resume of the Directors as per clause 1.5 (xxiv)(a) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 is shown in page-9.

## **REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE:**

Pursuant to the clause 5(6)(a)(i) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 the activities of the Audit Committee have been shown in page 47.

## **CORPORATE GOVERNANCE COMPLIANCE REPORT:**

Pursuant to the clause 1(5)(xxvii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 we attach the Company's compliance status as Annexure-3.

## **CERTIFICATION ON COMPLIANCE CORPORATE GOVERNANCE:**

Certificate from professional accountants on compliance with the conditions as per clause 9.1 of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 has been shown as Annexure-4.

## **OTHER REGULATORY DISCLOSURE:**

- \* The Company is aware of its various risks and concerns, mainly from the policy and regulatory requirements, and is prepared to meet those by systematic control. Financial Risk management has been disclosed in the Director's Report.
- \* All transactions with related parties have been made on a commercial basis. Details of the related party and transactions have been disclosed under note 25 of the financial statement.
- \* The Company's IPO was made during inception. No further issue of any instrument was made during the year.
- \* From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statement of the Company.
- \* Financial Statements are presented as per insurance act 1938 (New Act-2010) which prescribed formats for presenting accounts, accordingly the Balance Sheet has been prepared in the format [Form-A], set out in part 1 of the First Schedule, the Revenue account of each class of business in the format [Form-A] given in part II of the Third Schedule, Profit and loss Account and, Profit and loss Appropriation Account as per format [Form – B and C] Prescribed in part – II of the Second Schedule, other disclosure requirements are fully followed. No items of income and expense are to be presented as 'extraordinary gain or loss' in the financial statements.
- \* No significant variations except explain in the director's report under the head line operation of business have occurred between quarterly and final financial results of the Company during 2018.
- \* During the year, no fees paid against board meeting attendance. The remuneration of Chief Executive Officer has been mentioned in Note 26 of the Financial Statements.
- \* All significant deviation from the previous year in operating result of the Company have been highlighted and reasons therefore have been explained.
- \* The key operation and financial data for the last five years have been disclosed in the Director's Report.
- \* Company has proposed final dividend for the year 2018.
- \* During 2018, a total of 5(five) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-1 to this report.
- \* Shareholding Patterns of the Company as on 31 December, 2018 are shown in Annexure-2 to this report.
- \* The Directors' profiles have been included in the Annual Report as per BSEC Guidelines.
- \* The Company has sound and strong operational strength and ability to continue as a going concern. As such there is no doubt of its continuity.

## **STATEMENT OF DIRECTORS ON FINANCIAL REPORTS:**

- \* The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and the changes in equity during the year 2018;
- \* Proper books of account as required by law have been maintained;
- \* Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

- \* International Accounting Standard (IAS), as applicable in Bangladesh, have been followed in preparation and presentation of the financial statements;
- \* The system of internal control is sound in design and has been effectively implemented and monitored;
- \* There are no significant doubts upon the Company's ability to continue as a going concern;

### **AUDITORS:**

The Auditors of the company M/S. Syful Shamsul Alam & Co., Chartered Accountants retire upon holding this Annual General Meeting (AGM) and being eligible they offer themselves for re-appointment.

### **DIRECTORS-APPOINTMENT:**

In accordance with the provision of clauses 112 of the Articles of Association of the Company, the following sponsor directors will retire and being eligible offer themselves for re-election:

1. Tasmiah Rahman
2. Hasib Mosharraf

In accordance with the same provisions of the Articles of Association of the Company, Engr. Md. Kaisar Ahmed, Director from amongst the public subscribers, also retires and offers herself for re-election.

The notice of the 19<sup>th</sup> Annual General Meeting containing information relevant to the election of directors from public subscribers, was published in two national dailies.

### **PROSPECTS FOR 2019:**

We hope to increase underwriting income in 2019 by implementing different strategy to attract more insured's. We will disclose our accounts proactively with our clients to inform them about the excess commissions, potential risks and its consequences so that clients are aware of the insurance policies and make reasonable steps to procure the policy. Seminars and focus group discussions will be utilized to aware the public.

Standard Insurance Limited is further hoping to increase revenue earnings from quality business. The company has recently hired a number of highly-qualified marketing executives in the mid of 2017 to ensure attractive business growth.

We have implemented new certificate to the insured for covering motor insurance policy that enables carrying flexibility, user-friendly, instrument during travelling. Standard Insurance is also expanding on digital insurance marketing and online insurance solutions to cut the procurement cost.

Power sector in Bangladesh has major contributions to the development of this country. Risks in the power plant industry are very high in terms of insurance protection and Standard Insurance is covering number of big power-plants in the country with 100% re-insurance coverage. It is not only increasing our earning but also assisting society to ensure protection and security since Standard Insurance conducts inspection and ensures that conditions of the clients meet pre-requisites for insurance coverage.

### **ACKNOWLEDGEMENT:**

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well wishers home and abroad for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the board during the year under review.

I also thank the Ministry of Finance and the Ministry of Commerce, the Insurance Development and Regulatory Authority, the Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission (BSEC), Government and Non-Government organizations, Sadharan Bima Corporation, Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE), scheduled Banks and many others for their sincere support and whole hearted co-operation to our Company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the Company at all levels without which we could not have achieved this result.

We also express our sincere gratitude to Bangladesh Bank, Insurance Association, Insurance Academy, Scheduled Banks & Sadharan Bima Corporation for their co-operation and support.

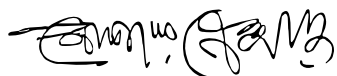
My thanks also to the Chief Executive Officer, Advisers, Additional Managing Directors, Deputy Managing Directors and all Executives, Officers and Staff of the Company for their excellent, sincere, dedicated efforts in achieving Company's target during the year under review.

The Company remains fully committed to its deep determination and ideology of personalized client service up to the satisfaction of valued customers. To ensure overall improvement including the Company's financial security your kind suggestion and opinion are always welcome.

I now, for and on behalf of my colleagues appeal to the magnanimity of the valued shareholders kindly to accept and approve the Annual Accounts and Directors' Report placed before you.

Thanking you,

For and on behalf of the Board of Directors,



**H.T.M Quader Newaz**  
Chairman