

DIRECTORS' REPORT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Members,
Assalamu Alaikum Wa-Rahmatullah

The Board of Directors of Express Insurance Limited takes the pleasure in presenting the Directors' Report in this 19th Annual General Meeting before you along with the Audited Financial Statements for the year 2018 and a brief overview of Global and Bangladesh Economy.

Global economy :

The global economy in fact has experienced a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade. Overall, the global economy is projected to remain steady at it's 2017 level which was 3.7%. Growth in the advanced economies gained significant momentum crossing a .04% above previous year & reached at 2.3%. The continued boost in domestic demand in the developed economies, favourable financial conditions, strong business and consumer confidence played a vital role in achieving expected growth targets of 3.7% in 2018 as forecasted by IMF.

Bangladesh economy :

The economy of Bangladesh has been able to maintain sustained economic growth even in the face of global financial crises. The economy of Bangladesh has expanded significantly in 2018, despite ups and downs in the performance of major economic indicators. One of the major achievements of the economy has been above 7% percent economic growth in 2018, breaking the six percent circle that continued for a decade or so. As a result, the World Bank express high hope for Bangladesh economy for the next two fiscal year. Like previous years, major boost of growth has come from the industrial sector next from the service sector. Though average inflation rate was about 5.78 percent, food inflation showed an increasing rate in the last part of the year.

The year 2018 was a turning point for Bangladesh in many ways. Bangladesh recently fulfilled the UN's current criteria to graduate from a "least developed country" to a developing country. It has also recently advanced from a low-income country to a low-middle income country on the world Bank's scale.

The government has been implementing a number of mega projects to improve the country's alling infrastructure, which if done efficiently and timely could add further value to the growth of the country's Gross Domestic Product (GDP).

Industry Outlook:

The insurance industry in Bangladesh has a great prospect because of a number of reasons such as the sustained growth rate of the country's GDP and per capita income, growth of the market size, increasing population and a rapid shift of the economy from a consumption one to a manufacturing one, especially through expansion and diversification of entrepreneurship in both urban and rural areas. It is also observed that the high and middle-income people and the companies running businesses with some success are becoming more conscious about their safety and therefore, the insurance businesses may see their prospect in coverage of the risks. The prospect of development of insurance business will depend on the growing understanding of the people and businesses of the facts that insurance provides safety and security through various types of the insurance products.

Business Highlights:

Express Insurance Limited has had another successful year. The gross premium income of 2018 stood at Tk. 408.89 Million while the net premium income was Tk. 243.72 Million. The underwriting profit was Tk. 55.23 Million. In the year 2018 the operating income and net income of the Company were in decreasing trend inspite of little increase in premium income & investment income because of negative trend of share market and increase of operating expenses including increase in gross claim paid.

The management has taken all steps to increase its premium income this year. New marketing peoples have been recruited and new motivation package has also been declared for increase of premium income.

Business highlights of 2018 in comparison with 2017 :

Taka In Million

Particulars	Fire	Marine	Motor	Misc.	2018	2017
Gross Premium Income	128.74	107.80	120.93	51.42	408.89	400.66
Re-insurance Ceded	86.56	33.53	1.09	43.99	165.17	148.37
Net Premium Income	42.18	74.28	119.83	7.43	243.72	252.29
Total Claim paid	61.47	10.54	14.20	9.86	96.07	56.38
Agency Commission	17.99	14.45	18.08	1.18	52.32	56.96
Management Expenses	56.65	44.02	55.75	8.54	164.96	170.90
Reserve for unexpired Risk	16.87	30.34	47.93	2.97	98.11	101.58
Underwriting Profit/(Loss)	6.81	27.58	19.27	1.57	55.23	41.01

Investment Income and Net Profit :

In spite of adverse effect of investment of share and slightly increase in rate of interest of FDR, the Company earned a net profit before tax of Tk. 76.81 Million while it was Tk. 70.24 million in the previous year.

Comparison of investment income and profit:*Taka In Million*

Over all Result	2018	2017
Underwriting Profit / (Loss)	55.23	41.01
Interest & Revenue	38.15	33.93
Gain/(Loss) on sale of share	5.63	-
Total Investment Income	38.15	33.93
Profit before Tax	76.81	70.24
Provision for Tax	29.31	20.13
Reserved for Exceptional Loss	4.00	5.00
Dividend 10% in Cash	-	-
Proposed Dividend 10% in Cash	39.12	39.12

Appropriation of Profit and Dividend Declaration :

The Company has made provision of Tk. 4.00 Million as Reserve for Exceptional Loss and Tk. 29.31 Million for Corporate Tax during this year. The Board of Directors has recommended to the Members to declare @ 10% dividend in cash for the year 2018. The dividend policy of your Company is attractive and satisfactory to its shareholders. Your Company has been able to maintain good rate of dividend since last 10 (ten) years.

Claim Settlement :

The gross claim payment of the Company stood at Tk. 96.07 Million in 2018 as against Tk. 56.38 Million of 2017. Re-insurance protection for the risk undertaken by the Company is well managed and as such the clients are strongly protected.

Investment Position :

The investment of the Company stood at Tk. 596.79 Million at the end of 2018, after adjustment of cumulative loss of investment in shares of previous years. The head wise investment figures are listed below :

Sl. No.	Particulars	2018	2017
01.	National Investment Bond	2,50,00,000	2,50,00,000
02.	Bank Balance with Fixed Deposit	54,11,58,180	54,54,63,399
03.	Investment in Shares	3,06,33,990	4,05,81,496
Total Investment		59,67,92,170	61,10,44,895

Credit Rating Report :

Your Company has been rated 'A+' by Alpha Credit Rating Ltd. based on its un-audited financials ended September, 2018 and other qualitative and quantitative information up to the date of rating. CPA Rating 'A+' indicates high claim paying ability having good protection factors (Strong liquidity position, good solvency ratio, sound profitability and smart investment). The above rating has been assigned in consideration of its good financial and technical performance, improving good solvency, sound liquidity, diversified and smart investment portfolio.

IPO :

The application of IPO has already been submitted to the Bangladesh Securities and Exchange Commission with up dated information. Our application is at the final stage and the Commission is actively considering our draft prospectus for approval. We hope, the Commission will accord their kind consent to float our public share very soon.

Retirement & Re-election of Directors:

According to Articles of 112 & 113 of the Articles of Association of the Company, the following Directors of Group KA (Sponsor Shareholders) shall retire in the upcoming 19th AGM and being eligible for re-election as per Article 114, all of them have offered themselves for re-election.

1. *Mr. Latiful Bari*
2. *Mr. Amir Hamza Sarker*
3. *Mr. Md. Abdul Awal*
4. *Mr. Khalilur Rahman Choudhury*

Going Concern:

The Directors are of the opinion that the Company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

Nomination & Remuneration Committee:

The Nomination & Remuneration Committee of Express Insurance Limited is appointed by the Board of Directors, as required by the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) notification. The Nomination & Remuneration Committee consist of six members, of whom one is an independent director, and rest are the nominated directors.

Declaration of the CEO and the CFO regarding Financial Statements:

A separate statement pertaining to due diligence of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as required under Corporate Governance Code of BSEC is presented in this report.

Appointment of Independent Directors:

Mr. Siddique Hossain Choudhury and Mr. Feroz Ahmed have been appointed as Independent Director in the Company. Mr. Siddique Hossain Choudhury is a retired Govt. officer. He was appointed in the Company on 29th May, 2017 and Mr. Feroz Ahmed was a member of BCS Cadre and retired as Secretary to the Govt. of the Peoples' Republic of Bangladesh. He was appointed in the Company on 15th October, 2017. The shareholders ratified their appointment in the 18th AGM. Both of them rendered valuable contribution to the Company.

Audit Committee

There was an Audit Committee since inception of the Company. With the appointment of Mr. Siddique Hossain Choudhury and Mr. Feroz Ahmed as the Independent Director of the Company Mr. Siddique Hossain Choudhury was elected as the Chairman of the Audit Committee and Mr. Feroz Ahmed was elected as one of the members of the Audit Committee. During the last year Mr. Feroz Ahmed acted as Chairman and Mr. Siddique Hossain Choudhury as a member of the Audit Committee.

Appointment of Auditors:

M/s. AHMED ZAKER & Co. Chartered Accountants have served the Company for the year 2018 and as per requirement of law they will retire in the 19th Annual General Meeting. They have expressed their willingness for re-appointment for the next term. The Board of Directors has recommended to the members for their consideration of re-appointment of M/s. AHMED ZAKER & Co., Chartered Accountants upto the next AGM. The share holders are also requested to approve Podder & Associates, Cost & Management Accountants as compliance Auditor.

Compliance of Corporate Governance

The Board of Directors of the Company firmly believes that good Corporate Governance and transparency is very much essential for ensuring a disciplined and sustainable organisation. We have the pleasure to inform that your Company has complied with all the necessary guidelines of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018. In this regard we attach the Company's compliance status along with the necessary remarks & disclosures with this Annual Report. Further, a certificate of compliance as provided by PODDER & ASSOCIATES, Cost & Management Accountants for the period ended on 31.07.2019 is also annexed to this report.

Management:

The day to day management of the Company is vested with a group of qualified and experienced personnels. Mr. K M Saidur Rahman is leading the team. Under his prudent guidance the present management has been working tirelessly for the continuous growth of the Company. We believe that qualified, experienced and hard working personnels are the key to success of the Company. The Board confident that under the prudent leadership of Mr. K M Saidur Rahman, CEO, the Company will march ahead and be able to maintain its' continuous growth with full support and co-operation of all employees of the Company.

Challenges ahead:

It is well known to you all that total 46 non-life insurance companies are operating business in the Country entitle only 2% of market share for each Company. It is big challenge for the Company to retain his market share due to uneven competition.

Besides, the terms & conditions of Re-insurance Treaty as given by the state owned Sadharan Bima Corporation, the only re-insurer in the country, may push the Company in to a high risk. The Government decision to set up the Insurance Development and Regulatory Authority (IDRA) was welcomed by all at its formation a few years back. IDRA, which become operational in January 2011 is severely understaffed to oversee the reforms in the industries. In spite of all its limitation, at the very beginning IDRA issued a good number of directives to all Insurance Companies with good intention to bring discipline in the Insurance Industry to restrict unhealthy competition and unethical practice which lead the Insurance Industry in sound and healthy position also restore the image of the Industry.

However, we are optimistic that with the expansion of Bangladesh economy demand for non-life insurance products will also increase. Government will also play positive vital role ensuring availability of electricity, and gas, infrastructural facilities and providing fiscal incentives. Establishment of Economic Zone/Export processing zone in both private & public sector & invitation of the foreign investors for invest will also play positive role in this regard.

Gratitude:

The Board of Directors convey its profound gratitude and sincere thanks to the Ministry of Finance, Ministry of Commerce, the Insurance Development & Regulatory Authority, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Sadharan Bima Corporation, all Commercial Banks, Financial Institutions, and all of our valued clients for their whole hearted support, co-operation & guidance at various stages of the Company.

The Board also thankfully remember the valuable contributions of the Chairman, Vice-chairman, Executive Committee, Claim Committee and Audit Committee of the Company for all round prosperity & success of the Company.


In fine, the Member of the Board of Directors also like to express their sincere thanks and appreciation of the services rendered by all employees of the Company and hope to receive their untiring efforts towards all round development of the Company in the days ahead, like past.

Let us pray to Almighty Allah for all round prosperity of the Company.

Allah Hafiz

For and on behalf of Board of Directors
Of Express Insurance Limited

Date : 26 August, 2019


(Md. Abdul Awal)
Chairman