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Credit Rating Information and Services Limited

Founder Member, Association of Credit Rating Agencies in Asia (ACRAA), Manila, Philippines
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www.crislbd.com

Credit Rating Report

CREDIT RATING REPORT On DHAKA INSURANCE LIMITED

REPORT: RR/11329/16

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Claim Paying Ability Rating is valid for only one year from the date of rating. After the above period, the rating will not carry any validity unless the company goes for rating surveillance. **CRISL followed Insurance Rating Methodology published in CRISL website www.crislbd.com**

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CPA Rating: A

Outlook: Stable

Rating :

Based on Financials up to
December 31, 2015

**DHAKA INSURANCE
LIMITED**

ACTIVITY

Non-Life Insurance

**DATE OF
INCORPORATION**

January 4, 2000

**COMMENCEMENT OF
BUSINESS**

January 4, 2000

CHAIRMAN

Hamida Rahman

MANAGING DIRECTOR

A.Q.M Wazed Ali

EQUITY

Tk.696.75 Million

TOTAL ASSETS

Tk.1,538.00 Million

	Claim Paying Ability
CPA Rating	A
Outlook	Stable
Date of Rating: October 26, 2016	Valid up to: October 25, 2017

1.0 RATIONALE

CRISL has reaffirmed the Claim Paying Ability (CPA) rating of Dhaka Insurance Limited (DIL) to 'A' (pronounced as single A) based on the financials up to December 31, 2015 and other relevant qualitative and quantitative information up-to the date of rating. The above rating reflects DIL's good underwriting performance, average solvency and sound liquidity, good fixed asset investment, experienced management team etc.

DIL sources significant business from renowned group of companies. The company continues to deliver improved services taking due care of the compliance requirements with good underwriting and financial performance. Based on the financial statement of YE2015, its underwriting profit declined to Tk.81.96 million in YE2015 from Tk.86.49 million in YE2014. With the same token, gross underwriting margin and net underwriting margin have been found to be declining and moved downward to 73.27% and 37.01% in YE2015 from 75.09% and 38.72% in YE2014 respectively. Resultantly, Profit after Tax (PAT) moved downward to Tk.57.19 million from Tk.68.91 million during the above periods respectively. CRISL views DIL's investment strategy is diversified having around 95% of its funds remaining in cash and deployed in fixed deposits as well as in fixed assets while rest 5% in capital market.

The capital base of the company stood at Tk.400.00 million, as per the regulatory minimum level, however, above capital base stood at Tk.401.25 million as on December 30, 2015. The company has significant investment in fixed asset of Tk.318.66 million on 37.50 decimal land at Purana Paltan Lane and Wari, Dhaka. Moreover, DIL is constructing 17 storied tower for its Corporate office at Purana Paltan Line, Dhaka and has already invested Tk.118.80 million in 2014 which has enhanced its overall solvency and investment quality.

On the other hand, DIL faces challenges from low business income and market share, decline in some profitability indicators, low Internal Capital Generation Ratio (ICGR), consecutive underwriting loss in miscellaneous segment due to high management expense; however, reduction of above expense will enhance its overall performance. CRISL expects the company to continue to adopt a prudent underwriting approach, improve business and underwriting performance in miscellaneous segment.

CPA rated in this category is adjudged to offer high claim paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.

CRISL also views the company with "Stable Outlook" from the industry viewpoint for overall industry growth and policy and regulations implicated by regulatory authority as well as new Insurance Act. CRISL believes that the company will be able to maintain its fundamentals in foreseeable future.

Muzaffar Ahmed, FCMA, FCS
President and CEO

Credit Rating Information and Services Ltd.