Credit Rating Report
on
Dhaka Insurance Limited

	Claim Paying Ability
CPA Rating	A
Outlook	Stable
Date of Rating: September 16, 2014	Valid up to: September 15, 2015

CRISL has assigned 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, 2013 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 2013, its gross premium rose to Tk.281.57 million in 2013 from Tk.247.84 million while underwriting profit also moved upward to Tk.82.11 million from Tk.69.01 million during the above periods respectively. With the same token, gross profit margin and net profit margin have been found to be good and moved upward to 73.25% and 37.48% in 2013 from 71.48% and 36.02% in 2012 respectively. However, due to substantial decline of capital market income for share market debacle, Profit after Tax (PAT) moved downward to Tk.83.88 million from Tk.106.59 million during the above periods respectively. CRISL views DIL's investment strategy is diversified having around 80% of its funds remaining in cash and deployed in fixed deposits as well as in fixed assets while rest 20% in capital market.

The capital base of the company stood at Tk.375.00 million, a bit below from regulatory minimum level of Tk.400.00 million. The company has significant investment in fixed asset of Tk.318.66 million on 37.50 decimal land at Purana Paltan Line and Wari, Dhaka. Moreover, DIL is constructing 17 storied tower for its corporate office at Purana Paltan Line, Dhaka and has already invested Tk.61.04 million in 2013 which has enhanced its overall solvency and investment quality.

On the other hand, DIL faces challenges from low business income and market share, decline some profitability indicators, low Internal Capital Generation Ratio (ICGR), 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.

CRISL