

Director's Report

Directors' Report

For the year ended 31st December 2020

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

On behalf of the Board of Directors, I am delighted to welcome you all to the 35th Annual General Meeting of the Phoenix Insurance Company Limited and have the pleasure to place before you the Annual Report together with the Audited Accounts of the Company covering the Statement of Financial Position (Balance Sheet) Statement of Comprehensive Income (Profit & Loss Account) Consolidated Insurance Revenue Accounts (Revenue Accounts) the notes thereto and the Auditors' Report for the year ended 31st December 2020.

GLOBAL ECONOMY AND INSURANCE GROWTH

Global economy faced a new challenge after the Great Depression of the 1930s due to COVID-19 impact and tightening the economic activity to overcome the challenges. The global economy contracted by almost 4% in 2020 which is more than the decline during the global financial crisis of 2008– 2009 (–1.8%). To protect the COVID-19 govt. restricted travel and pushes sanitary restrictions have led to entire sectors of the economy mandated lockdowns that drastically reduced economic activity. The US economy (–3.5%) proved more resilient than the Euro area (–6.8%) and Japan (–4.7%) in 2020. China was the only major economy to grow in 2020 (+2.3%) after recovering quickly from the crisis and returning to growth in the second quarter. Other emerging markets were affected more severely; India contracted by 8.2%, Brazil by 5.0% and Russia by 3.1%.

The global spread of COVID-19 has created major challenges around the world, with individuals at risk of being infected by a contagious and deadly virus and many businesses shut down for public health purposes. This global health and economic crisis is also set to have an impact on insurance companies. They are likely to face changes in the demand for insurance policies and claims experience as well as impacts on the value of the assets that they hold to meet their obligations to policyholders.

The global non-life insurance market proved much more resilient than previously on the COVID crisis. Amid the strongest economic decline since the Great Depression, global non-life premiums were up an estimated 2% in real terms, after a 3% gain in 2019. The main reason was stronger-than-expected rate hardening in commercial lines. At 2%, non-life premium growth in the advanced regions was unexpectedly resilient in 2020, again due to rate hardening in commercial lines. China remains the world's fastest growing non-life insurance market estimated a 7% expansion in non-life premiums in 2020, coming from double-digit growth in the health business. Growth in the other emerging markets was negative, with the exception of Emerging Asia.

In the global non-life industry generated around USD 2500 billion of premium income in 2020, of which 22% came from emerging markets. Non-life insurance ranges from standardized motor and household covers to sophisticated tailor-made liability and property covers, including specialty, commercial and industrial risk insurance.

BANGLADESH ECONOMY AND INSURANCE BUSINESS

The pandemic has dominated the headlines in 2020, impacting all facets of the economy and society in Bangladesh. The government had a head start for its COVID-19 preparations, as the first case was not confirmed until March. However, the government failed to capitalize, with cases soon rising rapidly. The economy, particularly the garments sector, suffered a major setback before showing signs of recovery. The IMF predicted a 3.8 percent GDP growth for 2020, compared to 8.2 percent in 2019. China and India have leveraged this crisis to bolster their hegemony in the region. The Rohingya situation has seen its first major development in recent years with the first batch of refugees' relocation to the renovated island, Bhashan Char.



34th Annual General Meeting

September 16, 2020
Wednesday at 2:30 p.m.

Virtual Platform Link:
<https://bitly.com/phoenixagm2020>



Views of the 34th Annual General Meeting of Phoenix Insurance Company Ltd. in the digital platform

The 34th Annual General Meeting (AGM) of the Phoenix Insurance was held on Wednesday, 16th September 2020 through virtual platform. Mr. Mohammed Shoeb, Chairman, Directors- Mr. Mazharul Haque, Mr. Aziz Al Mahmood, Mr. Manzoorul Haque, Mrs. Badruddoza Mannan, Mr. Mohammed Haider Ali, Mr. M. A. Majid, Independent Directors- Mr. Md. Faizur Rahman & Ms. Nabiha Yasmee, Managing Director & CEO; Mr. Md. Jamirul Islam, Deputy Managing Director & Secretary Mr. Md. Rafiqur Rahman including large number of shareholders and Company's high official are also attended in the meeting

Nonetheless, Bangladesh's continued progress into 2021 depends largely on how fast it can rein control of COVID-19 through swift vaccination efforts.

Bangladesh has had an annual GDP growth rate of over 6 per cent since 2011, going up to 8.2 per cent in 2019. According to the International Monetary Fund, GDP growth remained positive at 3.8 per cent in 2020 despite the effects of the COVID-19 pandemic, and is expected to rise to 4.4 per cent in 2021 and 7.9 per cent in 2022. The Economist Intelligence Unit recently revised the country's growth forecast for 2020-21 to 5.6 per cent, up from its previous projection of 3.8 per cent. Between 2021-22 and 2024-25, the agency expects the economy to grow by an average of 7.4 per cent annually. The latest outlook of the Washington-based International Institute of Finance says the Bangladesh economy will continue to grow faster than most others in 2021, driven by robust domestic demand and competitive manufacturing sectors, coupled with rebounding exports.

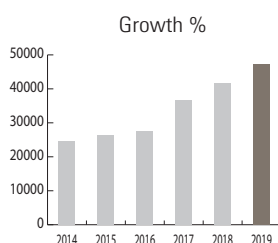
Insurance Business

COVID-19 has been the major economic influence in 2020 and caused the global recession since the end of World War II, requiring a rapid response from governments, businesses, insurers and individuals across the globe. Maximum countries were lockdown their production and business. As a result production, trade, export & import and car movements have reduced which have impacted in the Insurance Industry. The pandemic covid has hit our insurance industry and overall position of premium earning was turn down.

The growth of non-life insurance premium income in 2019 was 12.74 percent which was 13.91 percentages in 2018. The combined premium income underwritten by public and private sectors stood at Tk. 47,116 million in 2019. GDP growth in Bangladesh has been hovering more than 7 per cent during the last few years. But the data of the year 2020 are not available. The comparative premium position during the last few years has been as follows:

Growth of Non-life Insurance Premium of the Bangladesh

Amount in Million Taka



Year	Non-life insurance	Increased	Growth (%)
2014	24,440	1,493	6.21
2015	26,381	1,941	7.94
2016	27,627	1,246	4.72
2017	36,688	9,061	32.80
2018	41,792	5,104	13.91
2019	47,116	5,324	12.74

COMPANY'S BUSINESS ACTIVITIES AND OPERATING PERFORMANCE REVIEW

PREMIUM UNDERWRITTEN

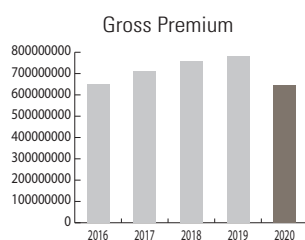
Business strategy

Gross domestic product (GDP) growth of Bangladesh economy is very lucrative last couple of years due to agriculture sector contribute much more comparing previous period. At the same time industrialization growth is increasing in private sector. Domestic insurance also grow almost 6%-8% but government sector insurance business growth have been increased significantly. But COVID crises have changed the track of the insurance business philosophy. We know that non life business depends on Import, Export, investment in industrialization and coverage of the security of all kinds of assets. There are large number of insurance companies in Bangladesh at present are certainly not commensurate with the size of the market that has led to aggressive competition which has determine to the industry as a whole. The Company focuses on small and non tradition business and there are huge scopes to enlarge insurance coverage which have possibility to earn insurance business. In this connection the management has prepared some guidelines to do more business on non- tradition business in addition regular business.

Business Position

During the year, a significant number of days was totally lockdown in Bangladesh. But the wise management team of the company has taken proper attention in time with professional manner and due to this attention we protect our business although some textile based industry was not operated for why we lost some gross premium of the Company. In the year 2020 the Company was not able to do business growth in comparison to the insurance industry. The gross premium is at Tk. 646,130,830 as compared to Tk. 780,575,102 in 2019.

Last five years an underwritten insurance business of the company is presented below:



Year	Amount in Taka
2020	646,130,830
2019	780,575,102
2018	759,346,053
2017	713,048,761
2016	652,177,275

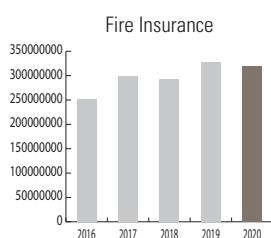
Business Outlook Last year we informed that covid crises will down our progress and we already faced these challenges. But position is improving

due to vaccination support have started by the Govt. All sectors are running and our outlook is positive than in the last years. Our ability to engage in large and tailored transactions has created a market in which few others are even able to operate. We continue to see growing demand for solutions and services that deploy our resource & development to clients. We believe that business in future will be increased and we overcome all obstacles.

BUSINESS SEGMENT PERFORMANCE

Fire Insurance

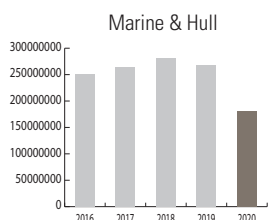
The Fire class of Insurance business constitutes 50% of the total portfolio. During the year the Company has underwritten a gross premium of Tk.320,109,583/- whereas it was in 2019 at Tk. 327,837,928/-. The company has lost 2% business during the year for the pandemic.



Year	Amount in Taka
2020	320,109,583
2019	327,837,928
2018	292,690,486
2017	299,343,640
2016	252,402,225

Marine & Hull

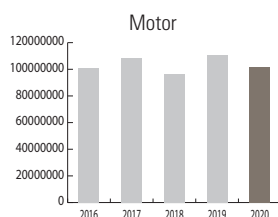
This class of business constitutes 28% of the total portfolio. The Company has underwritten a gross premium of Tk.180,175,905 in current year as compared to Tk. 267,773,283 in previous year. The Marine & Hull insurance premium was decreased from previous year almost 33% due to overall import & export of the country was drastically down for the COVID. Besides, premium rate was also reduced by the authority



Year	Amount in Taka
2020	180,175,905
2019	267,773,283
2018	281,000,184
2017	263,642,108
2016	251,047,297

Motor

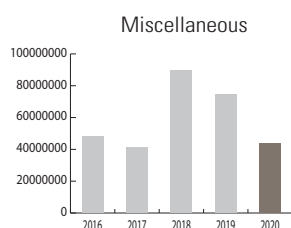
This class of business constitutes 16% of the total portfolio. During the year the Company has underwritten a gross premium of Tk.101,879,670 as compared to Tk. 110,582,048 in the last year.



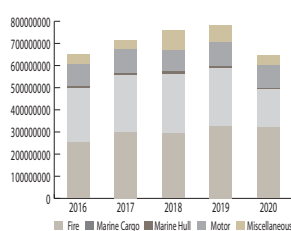
Year	Amount in Taka
2020	101,879,670
2019	110,582,048
2018	96,176,395
2017	108,478,326
2016	100,859,858

Miscellaneous

The Miscellaneous class of business constitutes 6% of the total portfolio. The gross premium was at Tk.43,965,672. Last year underwritten premium was Tk. 74,381,843only.



Year	Amount in Taka
2020	43,965,672
2019	74,381,843
2018	89,478,988
2017	41,284,687
2016	47,867,895



Class of business	2016	2017	2018	2019	2020
Fire	252,402,225	299,343,640	292,690,486	327,837,928	320,109,583
Marine Cargo	246,113,288	257,583,159	269,855,066	258,721,893	175,771,871
Marine Hull	4,934,009	6,358,949	11,145,118	9,051,390	4,404,034
Motor	100,859,858	108,478,326	96,176,395	110,582,048	101,879,670
Miscellaneous	47,867,895	41,284,687	89,478,988	74,381,843	43,965,672
Total amount in Tk.	652,177,275	713,048,761	759,346,053	780,575,102	646,130,830

OPERATIONAL ACTIVITIES

CLAIMS MANAGEMENT

Strategy and priorities Through our industry-leading Claims Commitment we aim to keep it simple and tailor our approach to our customers' needs and preferences. Working with our customers and agents our claims professionals promptly investigate evaluate and develop an appropriate resolution strategy. Where we have a duty to defend, we will work to determine as early as possible to our customer's preferred approach to whether the claim should be settled or defended. In the event of an insured first-party property loss we help our insured's get back to business quicker by making settlement of claims in early times.

Being there when our customer needs us is a top priority. We value a personal connection and are committed to:

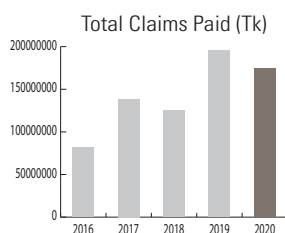
- Contacting our client or their representative within one business day of receiving a loss notification when we lead the primary claim.
- Returning phone calls and emails within one business day. When out of the office we provide additional contacts should immediate assistance be needed?
- Completing initial investigations on claims immediately.
- Paying covered claims within a period framed in the policy/Insurance Act subject to complete all requirements of settlement.

The settlement time for claims depends on various factors such as the line of business cause of loss the nature of claim etc. Typically claims which result in total or partial destruction of assets or records (such as those caused by Acts of God) those where adequate documentation to establish the claims are awaited and those which are the subject matter of judicial processes tend to have longer settlement times which are beyond the control of the Company. The Company has improved internal processes for further reduction of average claims settlement time and claims outstanding.

We believe that a claim handle is more important to complete the outcome its loss and our clients and agents tell us that they feel a difference from other company regarding settlement of claims in early times with satisfaction of the clients. Actually we depend on our service and service is only for customers to their tough times.

Claims Settlement

The overall claims expense was Tk. 174,786,972 during the period ended December 31st 2020 whereas Tk. 195,216,456 during the period ended December 31st 2019. Phoenix Insurance Company has always committed to settle the Insurance Claims appropriately in time. We believe that our commitment is to satisfaction of our customer and their satisfactions are the goodwill of our Company's. The year wise insurance claims paid are enumerated below:



Year	Total Claims Paid (TK)
2016	81,609,809
2017	138,457,603
2018	125,202,957
2019	195,216,456
2020	174,786,972

REINSURANCE MANAGEMENT

Approach

Reinsurance department is the key and the most important department in any general insurance company. Reinsurance arrangements with professionally structured dependable and financially sound reinsurers are absolutely essential. The role and strong support of reinsurers for the company is vital. Reinsurance department is to ensure that first class reinsurance arrangements at minimum costs are available both locally and abroad to the Company. Professional support and comprehensive reinsurance arrangements reduce the risks of insurance company in respect of claims incurred or expected to be incurred. PICL has always been successful to have support of world known financially and professionally supported first class and excellent reinsurers in the past as well as in the current financial year.

Our Reinsurance unit strategy remains focused on differentiation and profitable growth through allocation of capital to both existing and new risk pools. The significant global protection gap which exists today in both lines of business is expected to continue to widen and will also contribute significantly to creating new risk pools in the future. As a result we expect to see further business opportunities particularly in high-growth property markets. During the year 2020 we don't face any catastrophes loss and our country also safe of this type of economic loss.

Clients Satisfaction

We differentiate ourselves by understanding the specific needs of our clients. Client segmentation is a foundational element of our differentiation approach and is built on a deep understanding of our clients facilitating delivery of tailored offerings. We interact with clients across all levels and functions enabling strategic discussions between the right people at the right time. This dedicated delivery model - serving global and national clients continues to be effective.

Clients are always looking for solutions to solve their business challenges. In parallel with our engagement approach we have established teams to manage our clients' needs which expand on traditional reinsurance with our knowledge risk bearing capacity and innovation. Taken together such tailored transactions and solutions help clients to sustainably grow their business.

History and Allocation

Phoenix Insurance Co. Ltd. has arranged sufficient protection through the re-insurance program with state own organization Sadharan Bima Corporation. As the company's portfolio growing fast the reinsurance department feels to re-organize the re-insurance program for the security and safety of the company. The Company had started placement of the re-insurance program connecting with the Overseas Market. From 2010 the company maintaining the government rules and placed the 50% share to the overseas secured Market in the major share to the A-rated re-insurance companies and the rest 50% with Sadharan Bima Corporation. The company also changed their re-insurance structure and obtained both Proportional and Non-proportional treaties with higher capacity to protect the interest of the multinational company whose total risk is a bigger size. The company also obtained Catastrophe Excess Loss Treaty in Fire business to safeguard the company as well as the shareholders interest to protect any disaster. Our key value drivers are large capacity technical expertise and the ability to develop tailored solutions to meet clients' needs for example in the area of solvency relief.

The allocation of the company's re-insurance arrangement is as follows:

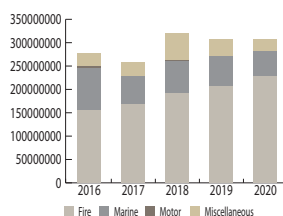
- i) Sadharan Bima Corporation (SBC) Bangladesh - 50.00% share
- ii) National Insurance Co. Ltd. India - 30.00% share
- iii) Asian Re Bangkok - 3.00% share
- iv) GIC Bhutan - 11.00% Share
- v) CICA Africa - 6.00% Share

The company has also placed facultative re-insurance protection in excess of company's treaty capacity to other markets like as Sen Re Senegal Asian Re Bangkok Allco American. The company has also placed Marine Cargo facultative business to various Lloyd's syndicate and has also connection with Munich Re Germany Swiss Re Singapore and Zurich. The Board of Directors always aware about the customer's insurance risk and ensures the protection of its liability by sufficient and timely re-insurance arrangement.

The Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance with "A" rated and well reputed re-insurers. The focus of reinsurance treaty program has been designated to protect the value of risk by insuring timely and quality protection for individual risks and in catastrophic events. Your Company follows a high quality low risk reinsurance strategy. Your Company's conventional reinsurance policy reduces the potential volatility of the earnings stream. Reinsurance arrangements in place include surplus Excess of loss and catastrophe coverage. The effect of such reinsurance arrangement is that the Company should not suffer total net insurance losses beyond the Company's risk appetite in any one year.

Activities-2020

The Phoenix Insurance Company Ltd. paid as re-insurance premium for 2020 was Tk. 308,257,896 only. Phoenix Insurance Co. Ltd. is fully equipped with technical expertise and our present re-insurance arrangement is quite good enough to protect the interest of the company as well as the policyholders in any consequences. The year wise breakup of re insurance premium paid is enumerated below:



Sl. No.	Class of business	2016	2017	2018	2019	2020
1	Fire	155,727,660	168,719,826	190,896,613	206,556,443	228,550,097
2	Marine	89,205,299	58,926,020	70,550,330	64,189,302	52,127,442
3	Motor	5,087,255	128,644	2,023,181	687,273	255,249
4	Miscellaneous	26,154,312	31,070,725	57,330,376	35,872,544	27,325,108
Total amount in Tk.		248,601,661	256,852,918	276,174,526	307,305,562	308,257,896

CAPITAL, RESERVE AND INVESTMENT:

Summary Balance Sheet	<i>BDT millions</i>		
	2020	2019	Change in %
Assets			
Statutory deposit securities	25.00	25.00	0
Equity securities	692.18	556.56	24.37
Property plant & equipment	288.15	291.84	(1.26)
Cash and cash equivalents	464.74	433.73	7.15
Sundry debtors	504.02	491.64	2.52
Amount due from	357.62	355.55	0.58
Others	2.58	2.70	(4.44)
Total Assets	2334.29	2157.02	8.22
Liabilities & equity			
Balance of fund & account	135.25	189.93	(28.79)
Premium deposit	25.09	16.51	51.97
Estimated liabilities in claims	91.49	82.66	10.68
Amount due to	34.93	34.75	0.52
Sundry creditors	369.58	340.46	8.55
Others	100.60	85.60	17.52
Total liabilities	756.94	749.91	0.94
Shareholder's equity	1577.35	1407.11	12.10
Total equity	1577.35	1407.11	12.10
Total liabilities & equity	2334.29	2157.02	8.22
Total Equity Per Share	39.10	34.88	12.10

CAPITAL MANAGEMENT

Strategy

The Company has a policy to maintain a strong capital position and provide the flexibility necessary to take advantage of growth opportunities to support the risk associated with its businesses and to optimize shareholder return.

The Company's capital base is structured to meet regulatory capital targets and maintain strong credit ratings while maintaining a capital-efficient structure and desired capital ratios. The Company's risk management framework includes a number of liquidity risk management procedures including prescribed liquidity stress testing active monitoring and contingency planning. The Company maintains an overall asset liquidity profile that exceeds requirements to fund potential liabilities under adverse scenarios.

The Company also actively manages and monitors the matching of asset positions against its commitments together with the diversification and credit quality of its investments against established targets.

Phoenix's policy of ensuring superior capitalization at all times has meant that even in the face of large insurance claims of any natural catastrophe events we maintain a very strong capital position and high financial flexibility. Our financial strength enables us to respond to potential market developments in the aftermath of such severe events and to stay committed to creating long-term shareholder value.

Authorized Capital

Tk.100 crore (divided into 100000000 shares of Tk.10 each).

Since inception of the Company the authorized capital was taka 50.00 crore divided into 5000000 shares of Tk.100 each. On the requirements of the operational activities as well as fulfill the Insurance Act 2010 the Board of Directors' have enhanced the Company's Authorized Capital from Tk.50.00 crore to Tk.100.00 crore divided into 100000000 shares of Tk.10 each in the year 2010.

Paid-up Capital

Tk.403,415,720 (divided into 40,341,572 shares of Tk.10 each.)

Phoenix Insurance Company Ltd. increases the business volume regularly. In this connection it is required to increase the paid up capital size and accordingly the Board of Directors decided to enhance the paid up capital every year to meet up the future requirements and compliance too.

Growth of Paid-up Capital

Phoenix Insurance Company has started its business journey with initial share paid up capital of Tk.30,000,000 in 1986. In 1994, the Company has received of Tk. 30,000,000 by initial Public Offering (IPO) shares and total share paid up capital stood Tk. 60,000,000. The main objectives of Phoenix Insurance Company are to provide consistently attractive return to its shareholders and buildup its strength and solvency. From the history it may be observed that company has been maintaining a stable and suitable dividend policy for its stakeholders in line with the sound underwriting profit and others Investment results. Our Company have increased the paid up capital by way of stock dividend, the total paid up capital at present stood at Tk.40,34,15,720 in 2020. At a glance the history of increasing share paid up Capital of the company is stated bellow:

Year	Particulars	Value per Share	Paid up Capital		
			No. of Shares increasing	Increased Value (Taka)	Cumulative share Paid up Capital (Taka)
1986	As per MOA & AOA	100	300000	30,000,000	30,000,000
1994	Initial Public Offering	100	300000	30,000,000	60,000,000
2002	5% stock dividend	100	30000	3,000,000	63,000,000
2003	5% stock dividend	100	31500	3,150,000	66,150,000
2004	25% stock dividend	100	165375	16,537,500	82,687,500
2005	25% stock dividend	100	206718	20,671,800	103,359,300
2006	30% stock dividend	100	310077	31,007,700	134,367,000
2007	20% stock dividend	100	268734	26,873,400	161,240,400
2008	22% stock dividend	100	354728	35,472,800	196,713,200
2009	25% stock dividend	100	491783	49,178,300	245,891,500
2010	25% stock dividend	10	6147287	61,472,87	307,364,370
2011	15% Cash & 5% stock dividend	10	1536821	15,368,210	322,732,580
2012	25% stock dividend	10	8068314	80,683,140	403,415,720
2013	20% Cash dividend	10	-	-	403,415,720
2014	20% Cash dividend	10	-	-	403,415,720
2015	18% Cash dividend	10	-	-	403,415,720
2016	15% Cash dividend	10	-	-	403,415,720
2017	16% Cash dividend	10	-	-	403,415,720
2018	12% Cash dividend	10	-	-	403,415,720
2019	12% Cash dividend	10	-	-	403,415,720
2020	15% Cash dividend	10	-	-	403,415,720

LIQUIDITY MANAGEMENT

Liquidity policy

Our core liquidity policy is to retain sufficient liquidity in the form of unencumbered liquid assets and cash to meet potential funding requirements arising from a range of possible stress events. To allow for regulatory restrictions on intra-Group funding liquidity is managed within groups of entities known as liquidity pools. To manage the risks we have a range of liquidity policies and measures in place. In particular we aim to ensure that:

- Sufficient liquidity is held to meet funding requirements under current conditions as well as adverse circumstances;
- Funding is maintained and credited at an appropriate market rate through our internal transfer pricing;
- Diversified sources are used to meet our residual funding needs;
- Long-term liquidity needs are taken into account both in our planning process and in our management of financial market risk.

Liquidity Position

The Company's primary source of funds is cash provided by operating activities including premiums and net investment income. These funds are used primarily to pay claims commissions operating expenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements including the payment of dividends to shareholders.

The Company's liquidity has been increasing by controlling operating expenses. The total cash and cash equivalents as at the end of 2020 are Tk. 464,739,170 against Tk. 433,734,990 in 2019.

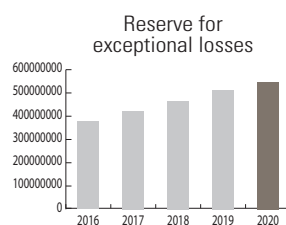
The Company prudently manages liquidity to ensure its ability to meet contractual obligations as and when they fall due.

RESERVE FUND

To protect the risk factors of the company it is very essential to have a good amount of reserve fund for the Company. The Insurance Act and Income tax ordinance also recommended to build up the reserve fund for the company accordingly the company separated the following reserve funds to protect the risk of the Company's.

Reserve for exceptional losses:

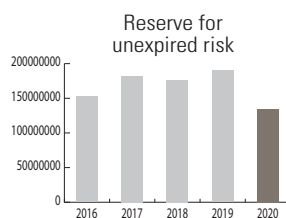
During the year 2020 Tk.547,404,668 separated as reserve fund for exceptional losses under the forth schedule of Income Tax ordinance 1984 that a company sets aside a portion of its income profits and gains to meet the exceptional losses so much of such portion as does not exceed ten percent of the premium income of the year in which it is set aside shall be deducted from the balance of the profits. The year wise breakup of the exceptional losses is enumerated below:



Year	Amount in Taka
2016	377,435,866
2017	422,435,866
2018	466,290,421
2019	513,617,375
2020	547,404,668

Reserve for unexpired risk

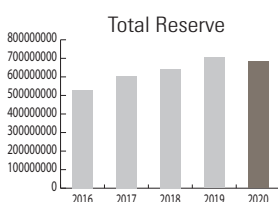
A sum of Tk.135,255,424 have build up for unexpired risk fund. The fund has separated under the section 27A of sub section 2(b) of Insurance Act 1938. Under this section forty percent of the net premium in respect of Fire Marine and Miscellaneous insurance business written in Bangladesh will be separated for unexpired risk. The year wise breakup of the reserve for unexpired risk is enumerated below:



Year	Amount in Taka
2016	152,305,145
2017	182,413,044
2018	176,204,829
2019	189,926,151
2020	135,255,424

Reserve Fund

So, during the year total amount of Tk.682,660,092 has been created as reserve funds to meet up any kinds of financial requirements for protecting the risk factors of the company. The position of total reserve funds is shown below:



Year	Amount in Taka
2016	529,741,011
2017	604,848,910
2018	642,495,250
2019	703,543,526
2020	682,660,092

INVESTMENT

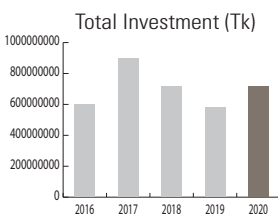
Strategy

Insurance is a form of risk management primarily used to hedge against the risk of a contingent or an uncertain loss. To meet up the uncertain loss the Company keeps the amount in the form of investment. In the other hand good investment is also main tools of the company's profit.

PHOENIX Insurance's investment portfolio maintained its track record of sustainable performance results with another strong contribution in 2020. All asset classes contributed to the result reflecting the diversification of investment income sources as well as the quality of the investment portfolio. During 2020 Phoenix Insurance increased its overall allocation to government bonds and Fixed Deposit to Bank enhancing income with low-duration risk. The allocation to equities and alternative investments remained relatively stable. While the investment portfolio is well-positioned overall the company maintains suitable flexibility should it be presented with attractive market opportunities or a change in the investment outlook.

Investment Portfolio

Phoenix Insurance Company Ltd. earns investment profits at large scale and the Board fixed a target to enlarge the investment figure of the company to increase the investment income. Our expectation is to earn more profit from the Company's investment amount. For the greater interest of the Company and also the interest of shareholders we utilized the maximum fund and in this connection we have invested our amount in the form of Shares. The year wise investment breakup of the Company is furnished below:



Year	Total Investment (Tk.)
2016	597,678,947
2017	898,539,681
2018	713,947,976
2019	581,554,148
2020	717,182,772

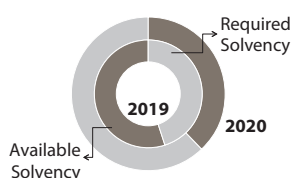
Out of the above amount Tk. 193,493,713 was utilized for buying listed companies shares; The City Bank Ltd. and the Phoenix Finance & Investment Ltd. shares and rest Tk. 25,000,000 was utilized for buying National Investment Bond to comply the Schedule-1 of Insurance Act 2010. The market value of shares is at Tk. 632,182,772 only.

Investment Result

Your Company realized income from investment at Tk. 63,958,957 in 2020 as against Tk. 40,598,683 in the previous year. Out of this amount dividend income is Tk. 19,360,129 as against Tk. 4,423,626 in 2019. Tk. 14,936,503 have been increase from last year dividend income due to we have received cash dividend from The City Bank Ltd. , and The Phoenix Finance & Investment Limited.

SOLVENCY MARGIN

Under section 45 of Insurance Act 2010 we have maintained the required solvency margin. During the year 2020 company's solvency margin remained above the required level. Phoenix Insurance Company Limited required solvency margin is Tk. 97,398,180 only whereas the company's available solvency is Tk. 159,245,640 which means the value of assets had been more than the liabilities in that particular period. Therefore the available solvency is almost 1.63 times of required solvency in 2020. The detail is presented in the page no 102 on the annual report. The Comparison from previous years presented below:



Year	Required Solvency (Tk)	Available Solvency (Tk)
2019	119,886,574	146,014,162
2020	97,398,180	159,245,640

CLAIM PAYING RATING

The Phoenix Insurance Company limited regularly analyses the position of its claim paying ability. During the year the company achieved CPR at AA-. This rating assigns that the Company with 'stable' outlook for its steady business growth stable financial and operating performance as well as its consistent fundamentals.

PROFIT & LOSS ACCOUNT REVIEW

Review the Income Statement

	BDT millions		
	2020	2019	Change in %
Revenues			
Gross premium	646.13	780.57	(17.22)
Less: re-insurance ceded	308.26	307.31	0.31
Net premium earned	337.87	473.26	(28.61)
Commission on re-insurance	68.58	68.54	0.06
Other income - non operating business	63.96	40.60	57.54
Total revenues	470.41	582.40	(19.23)
Expenses			
Management expenses	248.34	289.74	(14.29)
Net claims	59.62	52.04	14.57
Commission paid	85.22	106.14	(19.71)
Reserve for unexpired risk	(54.65)	13.71	(498.61)
Total expenses	338.53	461.63	(26.67)
Profit before tax	131.88	120.77	9.20
Provision for gratuity & CSR	10.00	5.50	81.82
Provision for taxation	27.90	22.27	25.28
Profit after tax	93.98	93.00	1.05
Net Income Per Share	2.33	2.31	0.87

UNDERWRITING PROFIT

Strategy

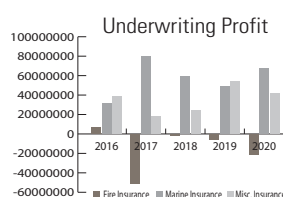
Since Insurance is knowledge based technical profession and we take the risk of couple of thousand crore taka. The assessment and management of the risk is to manage by way of prudent underwriting. The proper claim settlement is also based on prudent underwriting. The Company has now been able to underwrite any value of sum insured by charging the most economic and competitive Premium rate ensuring maximum security at minimum cost within the frame work of existing tariff and high capacity of Re-insurance treaty made with 'A' rated overseas Re-insurers. It has become possible for the equipped technically qualified and experienced management personal. We have been trying to remain with the Insuring community in the time of need for the last two decades since inceptions.

The Management is working to improvement (at least in the near future) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on -

- a) Customer-driven business focus;
- b) Financial and investment strategy based on further strengthening the balance sheet;
- c) Conservative and sound risk management; and Operational agility by maintaining quality leadership.

Comparative Result

You know that underwriting profit is only the profit exactly earned from the insurance business only. It consists on the earned premium remaining after losses have been paid and administrative expenses have been deducted. It does not include any investment income. Phoenix Insurance Company Ltd. underwrites the business premium on the basis of insurance principles and code of business. We issue our underwriting documents for the interest of the customer's requirements after analysis the risk of the insurable items accordingly insurance premium charge on the basis of the insurance contract. The profit of the insurance product calculated separately on the basis of the Insurance Act. Previous five years underwriting profit presented in the below:



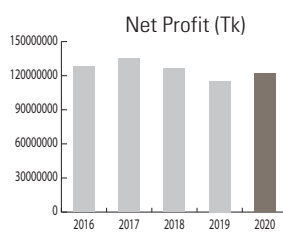
Name of the product	2016	2017	2018	2019	2020
Fire Insurance	7,145,638	(51,392,015)	(1,717,756)	(5,396,837)	(21,537,697)
Marine Insurance	31,487,302	79,378,759	59,394,191	49,080,633	67,647,733
Motor & Misc. Ins.	38,466,269	18,517,455	24,078,562	53,813,201	41,238,403
Total	77,099,209	46,504,199	81,754,998	97,496,996	87,348,439

Review of Underwritten Result

The Company has taken proper steps for maintaining the profit growth of the company specially emphasized the motor and miscellaneous insurance business. The company earned maximum profit from the marine insurance business. During the year 2020 Phoenix Insurance Company Ltd. earned an amount of TK. 67,647,733/- as underwriting profit. The underwriting profit has been decreased but Marine business profit have increases. Actually huge claims have been settled during the year. Although during the year the rate of Marine Insurance Premium in the country has been decreased but we have tried to maintain the growth of the profit. We are careful about issuing any cover notes of the Insurance risk which were also more effective for collecting insurance business. The Board of Directors desires that the steady growth of underwriting profit will continue in the coming years.

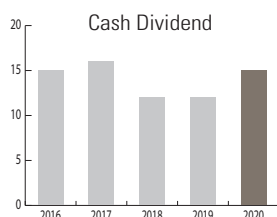
Net Profit Analysis

Despite difficult economic scenario, the Company has posted net profit of Tk. 121,885,772 whereas it was Tk. 115,269,990 in the last year. The net profit increased due to increase of other income. The year wise net profit before tax shown below:



Year	Total Profit (TK)
2016	127,853,449
2017	135,196,077
2018	126,265,471
2019	115,269,990
2020	121,885,772

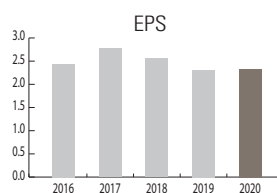
Dividend



Dear Shareholders the Board of Phoenix Insurance Company Ltd. always aware about the dividend policy. Generally Shareholders demanded maximum returns of their investment. The Company has been paying prestigious dividend consistently since the inception to fulfill the shareholders interest. The Board of Directors in its meeting held on 3rd June 2021 recommended 15% cash dividend for the year 2020. The Board of Directors desires that shareholders of the Company will approve the recommendations of the Board in the Annual General Meeting.

Year	2016	2017	2018	2019	2020
Cash Dividend	15%	16%	12%	12%	15%

Earnings Per Share (EPS)



The portion of a company's profit allocated to each outstanding share of common stock is called generally EPS. During the year 2020 the Company's EPS is Tk.2.31 which was Tk.2.33 in the last year. EPS have been decreased due to net profit not increased during the year. Previous five years Earning per share position presented in the below:

Year	2016	2017	2018	2019	2020
EPS Per share Tk.10 each	2.44	2.78	2.56	2.31	2.33

DIRECTORS RETIREMENT AND RE-APPOINTMENT

Under the Clauses No.100 of the Articles of Association of the Company; at the ordinary meeting in every subsequent year one-third of the Directors representing sponsor shareholders inclusive of co-opt directors from the time being and one-third of the Directors from public subscribers if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.

Under the Clauses No.101 of the Articles of Association of the Company; the Director who retires in every year shall be those have been longest in office since their last election but as between persons who become Director on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Provided that retiring sponsor Director shall be eligible for re-election and re-elected by the sponsor shareholders while retiring Directors from public subscribers shall also be eligible for re-election and be re-elected by the public subscribers.

Under the Clauses No.102 of the Articles of Association of the Company; the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the valued office by electing a person thereto.

During the year, 2(two) sponsor directors passed away from us consequently Sponsor Directors are 7 and public Directors are 4. So, total number of Directors is 11 only. One-third of the Directors will be retired for re-election.

**Sponsor Directors
(Group-A)**

According to the above mentioned clauses of the Articles of Association of the company the following three Directors the sponsor shareholders group i.e. group "A" Directors will retire:

1. Mr. M. A. Majid
2. Mr. Mazharul Haque

Being eligible all the retiring Directors offered them for re-election.

**Public Directors
(Group-B)**

In terms of the above provisions of the Articles of Association of the Company the following two Directors from among public shareholders i.e. group "B" shareholders will retire.

Due to fulfillment the tenure, Mr. Mohammed Shoeb, Public Director retire from the Board and being eligible for re-election he offered himself for re-appointment.

It may be mentioned here that a public notification regarding to election of Directors of the Company from the public shareholders was published in two national dailies namely "The Daily Inqilab" and "The Bangladesh Today" on 09th June 2021.

AUDITORS APPOINTMENT**Statutory Auditor**

The external Auditor completed the annual audit about the accounts after the appointment by the shareholders in the Annual General Meeting. With the recommendation of the Board of Directors the shareholders confirmed the appointment of the external auditor in the Annual General Meeting with remuneration of his service.

- (1) The External Auditor prepare the audit report in accordance with the International Standards on Auditing applicable in Bangladesh ensuring the provisions of the কোম্পানী আইন ১৯৯৪ (১৯৯৪ সনের ১৮ নং আইন) securities laws International Standards on Auditing and other relevant laws.
- (2) The External Auditor have ensured the compliance with the provisions/professionalisms/practices/ethics of International Standards on Auditing (ISA) applicable in Bangladesh and Bangladesh Auditing Practice Statements(BAPS) as well as Bangladesh Standards on Auditing Assurance and Ethics Pronouncements in conduction of auditing and issuing audit report.
- (3) Messers Zoha Zaman Kabir Rashid & Co. Chartered Accountants re-appointed as external Auditor in the 34rd AGM held on 16th September 2020 for auditing the Accounts of the year 2020.
- (4) Messers Zoha Zaman Kabir Rashid & Co. Chartered Accountants offered themselves to re-appointment as Statutory Auditors in the Company for the year 2021. Under section 210 of the Companies Act 1994 the matter has presented in the Annual General Meeting to consider the appointment of Auditors and fix their remuneration under the guidelines of ICAB.

Compliance Auditor Messers T. Hussain & Co. Chartered Accountants has applied for re-appointing themselves as Compliance Auditor to check and report to the shareholders about the Corporate Governance Code of the company for the year 2021. The Board has recommended for appointing Messers T. Hussain & Co. Chartered Accountants as Compliance Auditor and fixing their remuneration in the AGM.

FUTURE ATTITUDE:

Speedy business growth in insurance industry at the beginning of the year 2021 simultaneously the Phoenix Insurance also started excellent at the opening of this year, but second wave of pandemic COVID-19 hit the world again as a result the trade and business was sharply dropped.

The Government of our country has declared lock down and during the lock down all offices, banks, insurance and other are operating partially by maintain the health cautious for avoiding entire countries peoples protection from corona virus. Day by day export and production became slow which will have affected the insurance business of the country.

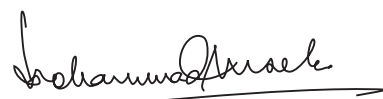
However, we are very optimistic to overcome the adverse situation and rebuild our business position and show a presentable position business at the end of the year 2020.

APPRECIATION & ACKNOWLEDGMENT:

The loyalty of our patron clients has enabled us to maintain and improve our market share over a period of time. We are grateful to them for reposing their confidence in us. We acknowledge the support of our shareholders which allows us to improve our leading position in the market. Thanks are due to Government Authorities particularly Ministry of Finance, Insurance Development & Regulatory Authority, Registrar of Joint Stock Companies & Firms, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Sadharan Bima Corporation, overseas Re-insurers, Bangladesh Bank, Commercial Banks, Bangladesh Insurance Association, Bangladesh Insurance Academy, Central Depository Bangladesh Limited (CDBL) for their continued support and confidence put in Phoenix Insurance Company Limited during the year.

We acknowledge the professionalism and hard work of our development officers' staff members and executives who helped the Company to achieve its goals.

Allah Hafez.
On behalf of the Board



Mohammed Shoeb
Chairman

Dated Dhaka
June 03, 2021