

**Internship Report On**

**Risk Analysis of General Insurance Industry in  
Bangladesh; A Study of Crystal Insurance Company  
Limited**

**Submitted by**

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ID: 17304091

An internship report submitted to the Brac Business School in partial fulfilment of the requirements for the degree of Bachelors of Business Administration

Brac Business School

Brac University

January 2022

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## Declaration

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I am Naima Hossain, a BRAC Business School student at BRAC University, and I hereby certify that this report on Crystal Insurance Company Limited was prepared by me/us. The report does not feature any already published or written content by another entity or any other university or other institution's degree or certificate unless it is properly cited through complete and correct referencing. All major sources of assistance have been acknowledged by me/us.

### Student's name & signature



.....

Naima Hossain

ID: 17304091

### Supervisor's name & signature

.....

Mr. Mahmudul Haq

Associate Professor

BRAC Business School

BRAC University

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## Letter of Transmittal

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Mr. Mahmudul Haq

Associate Professor

BRAC Business School

BRAC University

Subject: Submission of Internship report of the *Crystal Insurance Company Limited*.

Dear Sir,

I am pleased to submit my internship report on 'Crystal Insurance Company Limited' by your instructions to meet the BUS 400-course requirement. I tried to do my best to incorporate all necessary information, explanations, things I learned from the organization, and my contribution to the organization to make the report comprehensive. I interned for three months under the supervision of Mr. G. K. Dey. Amit, manager of accounts and underwriting of *Crystal Insurance Company Limited*, learned a lot about the general insurance of Bangladesh.

This internship has provided me with practical experience while also completing my academic knowledge. Without your help, I would not have been able to complete my report, for which I am grateful. Moreover, preparing this report was a remarkable experience, and I will be accessible for any clarification needed.

Therefore, I pray and hope that you would be kind enough to accept my Internship Report and oblige thereby.

Sincerely,

**Naima Hossain**

ID: 17304091

BRAC Business School

BRAC University

Email: [naima.hossain@g.bracu.ac.bd](mailto:naima.hossain@g.bracu.ac.bd)

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## **Non-Disclosure Agreement**

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The accredited student at BRAC University, Naima Hossain, ID: 17304091, has prepared and entered into this agreement with Crystal Insurance Company Limited.

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## Acknowledgment

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I would start by being very much thankful to Almighty Allah for showing to me that I can carry out my obligations as an intern in this new scenario in our lives and complete the report promptly. After that, I am thankful to my respected faculty and supervisor, Mr. Mahmudul Haq Associate Professor, BBS, for providing me with the essential direction and information to complete my internship report.

Moreover, I owe a sense of gratitude to Mr. Saydul Islam, Assistant Managing Director of Finance & Accounting Department, and Mr. G. K. Dey Amit, manager of accounts and underwriting of Crystal Insurance Company Limited, for acting as my organizational supervisors. Without their guidance, completing this report would have been very difficult for me.

Finally, I owe a debt of gratitude to OCSAR, BRAC University, for creating the internship program and allowing us to apply our learning in a practical context.

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## Executive Summary

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Internships are required for BBS students to graduate from BRAC University. Therefore, I completed my internship with *Crystal Insurance Company Limited*, one of the many essential general insurance companies of Bangladesh. The risk analysis, how each type of insurance is calculated, and the method of conducting a policy are all discussed in this paper. The entire report has been organized into several chapters for ease of understanding.

The first chapter covered an overview of internships. The internship information has been defined in this section. In addition, the conclusion of my internship has been addressed. This section reflects the value I offered to my organization as well as how working as an intern helped me. In this last section of this chapter, several recommendations for CICL's future internship program were made.

The second chapter examines CICL's overview, operations, and strategic assessment. The objective, technique, scope, and importance of evaluating this chapter were outlined in the first section of this chapter. Ratio analysis, secondary data collection, primary data collection, SWOT analysis, and Porter's five forces were all employed to analyze this part. This chapter also recapitulates management practices such as risk management and human resource management. They adhere to both worldwide insurance standards and the Sadharan Bima Corporation (SBC) norms, which were detailed in the firm overview section. This chapter also includes a five-year financial resource analysis, which includes the number of deposits, investments, and assets.

The CICL Risk Assessment was completed in the third chapter. Internal and external risk analyses are also included. This section of the study explains the many sorts of hazards that an insurance company must deal with. Risk management is also discussed, and risk computation is shown using statistics and graphs. Finally, this chapter concludes with suggestions for risk minimization.

During my time in CICL, I learned how to function in a corporate environment, which has helped me grow both professionally and individually. My professional path has been heavily affected by my internship since I have had the opportunity to observe firsthand how the general insurance business operates and evolves in Bangladesh. By reflecting on my work at the CICL, I did my hardest to make it substantive. In addition, I have highlighted my overall perspective as an intern, including my learning and obstructions.

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## List of Acronyms

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1. BBS = **BRAC Business School**
  2. CICL = **Crystal Insurance Company Limited.**
  3. LC = **Letter of Credit**
  4. IDRA = **Insurance Development & Regulatory Authority**
  5. JBC = **Jiban Bima Corporation**
  6. SBC = **Sadharan Bima Corporation**
  7. FY = **Fiscal Year**
  8. AML = **Anti-Money Laundering Risk**
  9. CFT = **Combating the Financing of Terrorism Compliance**
  10. TPND = **Theft, Pilferage, & Non-Delivery**
  11. ND= **non-Delivery**
  12. SRCC = **Strike, Riot and Civil Commotion**
  13. FIV = **Full Insured Value**
  14. PML = **Probable Maximum Loss**
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# **CHAPTER 1**

# **INTERNSHIP OVERVIEW**

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## 2. Student's information

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**Name:** Naima Hossain

**BRACU ID:** 17304091

**Department:** BBA

**First Major:** Finance

**Second Major:** CIM (MIS)

### 1.2. The Details of Internship

#### 1.1.2. Duration, Organization Name, & Address

**Duration:** 3 months

**Organization Name:** Crystal Insurance Company Limited.

**Address:** Head Office, DR Tower (14th floor), 65/2/2, Box Culvert Road,  
Purana Paltan, Dhaka-1000.

### 2.2. Details of Organization Supervisors

➤ Mr. Saydul Islam

Assistant Managing Director of Finance & Accounting Department

➤ Mr. G. K. Dey. Amit

Manager of accounts and underwriting of Crystal Insurance Company Limited

### **3.2. Job Scope: Responsibilities or Job Description**

- ✓ Assisting the supervisors to sort the policies and cover notes.
- ✓ Data entry in the computer of daily business and LCs.
- ✓ Registering of daily business and LCs.
- ✓ Supporting my supervisor in preparing the VAT receipts
- ✓ Analyzing and sorting documents and data for certain tasks.
- ✓ Assisting officials in calculating the daily performance of the corporate branch and preparing the company's monthly report.

As an intern, I was entrusted with such obligations, which included both practical knowledge and enjoyable experiences.

## **4.2. The Outcomes of the Internship**

### **1.4.2. Contribution to the Organization**

They benefited from my support throughout my term at Crystal Insurance Company Limited. To begin with, the company's per-employee efficiency improved as a result of the support they received. Following my presentation, the number of policies that they could service expanded. I used to enter the daily cover notes of business at the beginning of the program, and then I was to keep track of the LCs. I was later entrusted with data on the server and the task of sorting specific requirements. Because of was proficient in writing in both Bengali and English, I was able to complete entering data that had been due for a couple of months. Furthermore, having significant computer skills aided me in working on the data on the server. In the absence of my supervisor, as an attentive learner, I could organize and prepare policies to be addressed to individual clients and the bank. From September through October, I also worked in compiling the company's VAT receipts. I helped in confirming the bill paid for previously issued policies at the end of each month. Thus, throughout my internship, these were my contributions to *Crystal Insurance Company Limited*.

### **2.4.2. Benefits of the Intern**

I learned a lot of practical things while working as an intern at *Crystal Insurance Company Limited*. First and foremost, I have acquired corporate conduct. They've educated me about the formalities that an organization or business must follow. Most significantly, I learned about general insurance and how it works in the Bangladeshi corporate world. I identified that general insurance is separated into three sections, each of which follows IDRA requirements (Insurance Development & Regulatory Authority). Different premiums are approved from IDRA for Marine Insurance, Fire Insurance, and Motor Insurance. Another skill I gained during this period was the ability to work under pressure. For instance, when processing data in sequential order, I often had to arrange policies for clients and banks exactly as they arrived. In addition, anytime my supervisors wanted information from a list, I had to respond to a specific query. Such an experience has taught me how to deal with difficult situations and gratify my superiors by moving efficiently. Additionally, at the end of the internship period, I was rewarded with BDT 20,000 for my hard work that drew the authority's attention.

Also, this has provided me with valuable experience that will support my career growth. This training has given me more confidence and improved my capacity to deal with many authorities. It also helped in the growth and acceleration of my capabilities.

### **3.4.2. Internship Challenges and Shortcomings**

For me, the internship term was a fantastic learning opportunity. During this time, however, I have encountered several challenges. Apprentices did not have access to a dedicated desk. Having a comfortable environment to work in was a major priority.

## **5.2. CICL's Prospective Internship Programs Recommendation**

I would like to propose a few recommendations to CICL that might help the internship program in the future. They are as follows:

→ Every session, CICL should provide internships to qualified candidates.



- Interns should be assigned a desk and a computer to work on.
- It is not unusual for individuals in the company to struggle to recognize the intern. As a result, the intern's ID card might be helpful to that of the authorities, allowing people to recognize it.

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# **Chapter 2**

## **Overview of the Company**

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## 3. Introduction

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### 1.1.3. Objective

The following is the goal of assessing the overview, operational description, and strategic division processes:

- The purpose of assessing different departments and management, marketing, and financial operations is to provide future studies with a comprehensive picture of CICL's operations.
- The significance of CICL in comparison to similar general insurance companies in Bangladesh will be highlighted to the readers.
- This study on various types of general insurance activities will offer readers an insight into areas wherein CICL could focus on future performance improvement.

### 2.1.3. Methodology

I have compiled several sorts of information from many credible places to provide an overview of Crystal Insurance Company Limited. There are different kinds of information resources. They are explored in particular in the following sections:

#### 2.1.1.3. Primary Resources

- ♣ Crystal Insurance Company Limited's officers and members of the executive committee.
- ♣ Working under the direct supervision of the accounts and underwriting manager and the Assistant Managing Director of the company's Finance & Accounting Department provided firsthand experience.
- ♣ Through interacting on several cover notes and policies, I learned about the general insurance market.
- ♣ Furthermore, I was able to obtain certain documents from the corporate office that contained the majority of the necessary information for the report, bringing the primary data gathering to completion.

#### 2.2.1.3. Secondary Information

- ♣ Crystal Insurance Company Limited's official website.

- ♣ For the past few years, the CICL has published an annual report.
- ♣ Based on IDRA data, both in the text and on the website.
- ♣ Different connotations and activities of CICL in news and media.
- ♣ A range of research articles on the general insurance industry

### **3.1.3. SWOT Analysis**

For CICL to discover the company's position, the SWOT analysis approach is used to assess the company's Strengths, Weaknesses, Opportunities, and Threats.

### **4.1.3. Porter's Five Forces Analysis**

This framework is used to investigate the operational environment of a CICL's competition in the industry.

### **5.1.3. Risk Analysis**

The approach applied by insurers for analyzing and assessing the risks involved with an insurance policy is called risk management, often known as underwriting. This also aids in the computation of a policyholder's right premium.

### **6.1.3. Scopes of the study**

This study will assist the observation of the activities of Crystal Insurance Company Limited's many departments, including management, marketing, accounting, and operations. This can offer a broader evaluation of the operations and administration of the general insurance industry.

## **2.3. Limitations Of the Study**

Although I did my utmost to complete this report on time for CICL, there were a few difficulties that I had to deal with during the compilation of this report. These are the details:

- Acquiring information, interpreting it based on my knowledge and experience, and then applying it into practice.
- The next barrier was confidentiality, which no business was willing to disclose owing to financial interests.

- Because CICL has numerous departments, and I was an intern in the Accounts & Finance department, I had challenges gathering information out of those departments.
- Because this was my very first attempt at generating a report on an insurance firm, data from various sources was rather inconsistent, which caused several issues with the report and prompted me to thoroughly validate the information.

### **3.3. Significance**

There are various potential benefits to analyzing CICL. It will demonstrate the true context of the organization and how they might enhance their future performance by studying the different departments and their procedures. Consequently, the comparison and industry estimation will reveal where CICL stands and how they may progress. So, these are the benefits of conducting an organizational analysis.

## **4.3. The Company's Overview**

### **1.4.3. The History of Insurance Corporations**

Following Bangladesh's emancipation in 1971, the country's banks, insurance companies, and other industries such as jute and textiles were nationalized to give the country's economy a socialist character. By the Bangladesh Insurance (Nationalization) Order 1972, the government of Bangladesh nationalized the insurance business. All 49 insurance businesses and organizations performing insurance business in the nation were put in the public sector under five corporations by this decree, except for postal life insurance and overseas life insurance companies. The Jatiya Bima Corporation, Tista Bima Corporation, Karnafuli Bima Corporation, Rupsa Jiban Bima Corporation, and Surma Jiban Bima Corporation were the corporations in question.

The main principle underlying the formation of four insurance firms, two in each of the major life and general insurance branches, was to foster competition even in a nationalized environment.

However, the administrative costs of sustaining two organizations in each of the life and general sectors, as well as an apex institution at the top, exceeded the benefits of restricted competition. As a result, the Insurance Corporations Act of 1973 was used to restructure the company on May 14, 1973. Implementing the Act, the state established two corporations in place of the five previously mentioned: the Sadharan Bima Corporation (SBC) for general business and the Jiban Bima Corporation (JBC) for life business.

In 1984, the Insurance Corporations Act was amended to accommodate private insurance companies to thrive with the two nationalized insurance companies for life insurance and general insurance. The Insurance Corporations Amendment Act of 1984 permitted insurance firms to be floated in the private sector, subject to specific trade and underwriting limitations. Every general insurance business originating in the public sector was reserved for the state-owned SBC, which may also underwrite insurance business originating in the private sector, according to the new laws. The private sector insurance companies were required by this Act to receive full reinsurance cover from the SBC. moreover, to its typical activities as a direct insurer, SBC was effectively transformed into a reinsurance company. SBC has this right to re-insure the surplus overseas, but only if the local market's retention capacity had been exhausted. These limits are intended at restricting the outflow of foreign exchange in the form of reinsurance premiums and promoting the development of a domestic reinsurance market. The Insurance Act of 1938 and the Finance Acts are primarily responsible for regulating insurance firms, including their investment, taxes, and reporting tasks.

### **5.3. Introduction of the Organization**

Crystal Insurance Company Limited is a significant private sector general insurance (non-life) company in Bangladesh. The company was founded on 11<sup>th</sup> November 1999 and is situated in Dhaka, the capital city of the country, and began operations in June of 2000. The company was founded under the 1938 Insurance Act, which has been replaced by the 2010 Insurance Act. CICL

has been conducting all types of general insurance business since it began operations in June 2000 under the license of the Controller of Insurance.

The Company's authorized capital is BDT 1,000 million, and its paid-up capital is BDT 400 million, of which the Sponsor Shareholders have already contributed BDT 60 million. The remaining funds were to be raised as quickly as feasible by a floating Initial Public Offering (IPO) by Sponsor Shareholders (60%, or BDT 180 million) and a Public Offering (40% BDT 160 million).

The organization has a strong reputation in the industry for adhering to business standards, insurance ethics, individualized and rapid service standards, and quick claim settlement. The knowledge and reputation gained during the company's 21-year history add a fresh aspect to the services it provides to its customers. In December 2020, CICL launched its initial public offering (IPO) on the stock market for the first time. Currently, the company has 31 branches located around the country, covering commercially essential and noteworthy locations. CICL was listed in Dhaka Stock Exchange on 10<sup>th</sup> December and in the Chittagong Stock Exchange on 13<sup>th</sup> December in 2020. The company has a credit rating from the National Credit Rating (NCR) of AA- (Double A Minus). "Double-A Minus (AA-)" in comparison to other insurance firms in the same market, organizations in this class have a very high capacity to satisfy policyholder responsibilities and deliver policyholder advantages. These insurers are extremely resistant to the impact of negative business and economic variables. The 'ST-2' grade denotes a strong ability to fulfill short-term policyholder obligations on schedule and minimal credit risk.

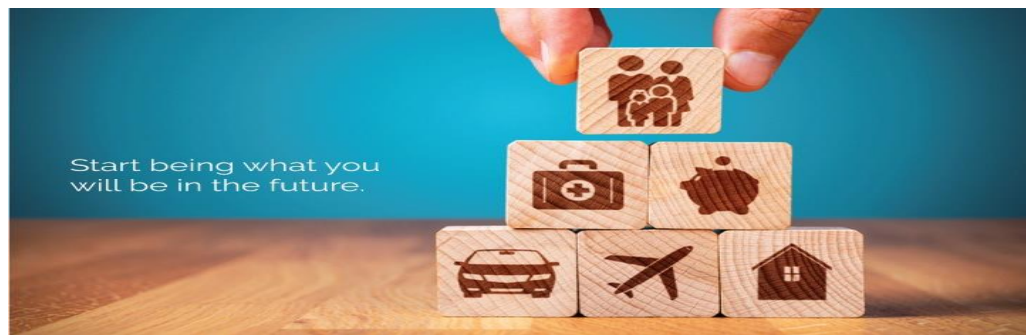
### **1.5.3. The Company's Mission**

- ♣ To provide prompt, efficient, and personalized services for maximum risk coverage of the insured.
- ♣ To provide insurance coverage at the most competitive premium rates ensuring maximum security.
- ♣ To promote Human Resource development and professionalism in the insurance business.
- ♣ To settle insurance claims promptly. CICL believes in the quality of the deals struck rather than the quantity of it.

- ♣ With our knowledge and expertise, it is our commitment to the insuring community to deliver them the highest standard of security and professionalism.

### 2.5.3. The Company's Vision

Our vision is to reach the zenith point of providing the most economic and competitive service and hence achieving the highest corporate goal and customer satisfaction.



### 3.5.3. Information About the Organization

Designation & Other Information	Name & Details
Chairman	Mr. Abdullah Al-Mahmud (CIP)
Director	Mr. Abdullah Hasan
Director	Mr. A.H.M Mozammel Haque
Director	Mr. Md. Tajul Islam
Directors	13
CEO, Head Office	Mr. Mia Fazle Karim, FCA
Addl. M D & CS, Admin & Estb.	Mr. S. M. Shahidullah
DMD & CFO, F & A	Mr. M. Mahfuzur Rahman
DMD & IN-Charge, Audit, MIS & BCCD	Mr. Abdullah Al-Mamun
EVP (F & A), F & A	Mr. Saydul Islam
Sr. Addl. M.D. & In-charge, Corporate Bra	Mr. S.A.M. Shafiqul Hasan
The Number of Branches	31
The Number of Employees	400
The Number of Shareholders	16 (60%, by the board members) & 40% IPO

*Table 1: Organization Information of CICL*

\*The data reported herein is for the period ending in December 2021.



### **4.5.3. CICL's Achievements**

- ♣ According to BSEC Notification – SEC/CMRRCD/2006-161/324 – the certificate from the Bangladesh Association of Publicly Listed Companies (BAPLC) The 11th of April, 2010 is the day on which this document was published.

### **5.5.3. CICL's CSR Activities**

CICL has made a significant contribution to the people's social welfare. Annual financial allocations for CSR projects are proposed by a specialized CSR unit for approval. They include paying employees' salaries on time, paying income tax, VAT, and duty on time, and repaying institutional debts and responsibilities on time. Apart from that CICL is obligated to assist to reduce mass crises in natural disasters such as hurricanes, earthquakes, cyclones, and flood-affected areas through any government authority. Any social group conducting social activities for mentally and physically disabled individuals, as well as building houses for the elderly, will get assistance. Funding to public or MPO-listed non-government educational institutions for the establishment of an IT laboratory, as well as English instruction, and also at universities. They have also taken steps to save energy and ensure the health and safety of their employees. Furthermore, CICL provides financial and practical assistance to the disadvantaged.

### **6.5.3. Management Practices of CICL**

The top management authority, the management committee of CICL, is made up of 14 very skilled people, including the CEO and directors. Before presenting concerns to the board of directors, audit committee, executive body, and risk management, this management board examines them. CICL has excellent management processes and procedures, which have allowed it to become one of Bangladesh's prominent insurance companies.

- ♣ The management assists clients in determining the sorts of risks they desire to cover by selecting the appropriate insurance with the features required to protect their assets.

- ♣ CICL's management makes sure that its products and services are priced competitively.
- ♣ When there is a claim for an insured asset, CICL management ensures hundred percent compliance both on as well as off inspection.
- ♣ CICL has an exceptional HR team that selects skilled and qualified individuals to offer the highest quality of service to its clients.

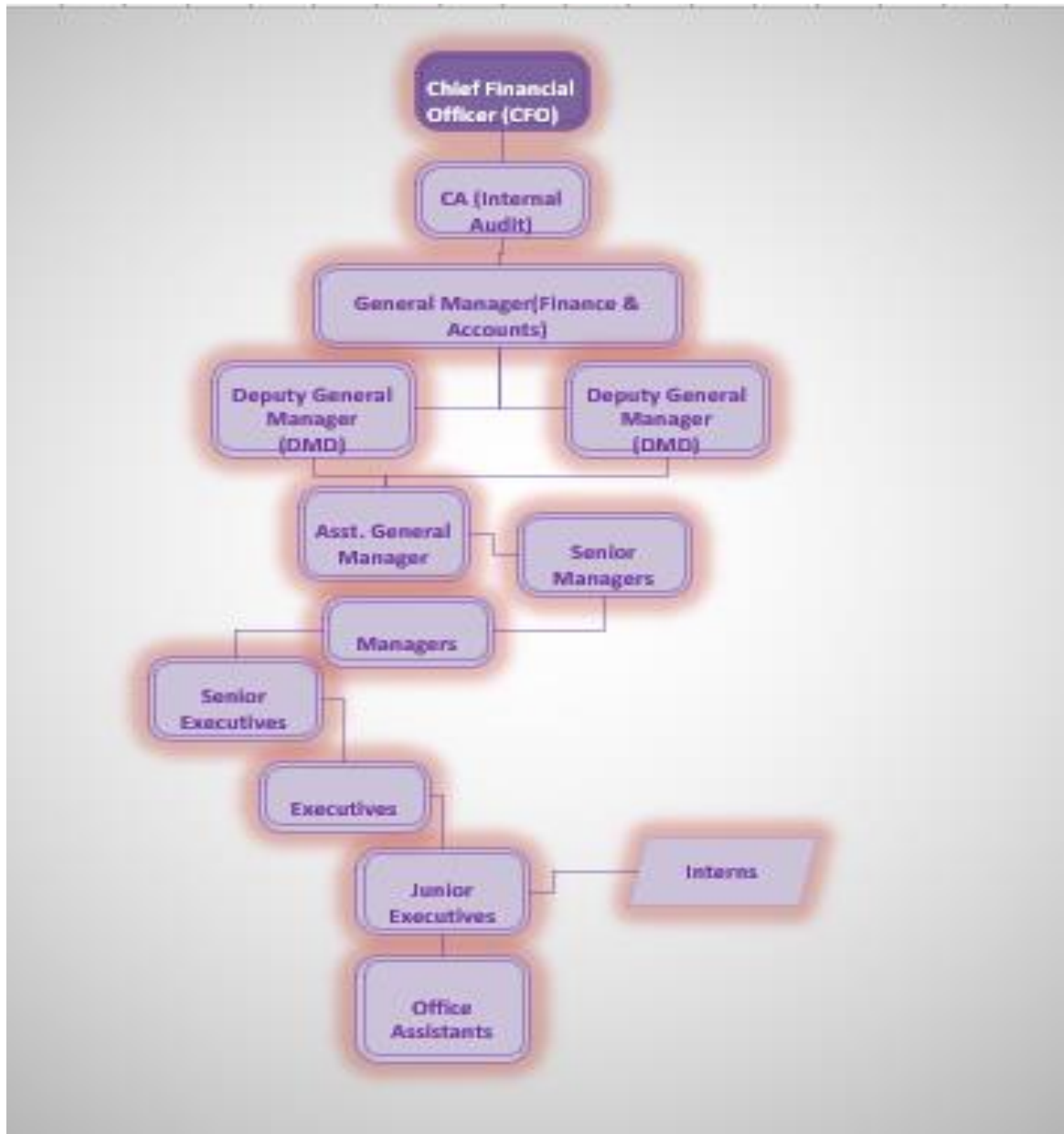


Figure 1: CICL's Hierarchy of Department of F&A

The six departments of CICL are:

- i. Administration Dept. included HR, Admin, and Establishment & Motor pool Dept.
- ii. Finance and Accounts Dept.
- iii. Audit, MIS, and Branch control & Co- ordination Dept.
- iv. Underwriting Dept.
- v. Claims & Reinsurance Depts.
- vi. Information technology Dept.

Every department is led by an in-charge who, with the assistance of department officials and personnel, carries out departmental tasks as directed by management.

### 6.3. Risk Management Practices of CICL

The business cycles for the year outcomes, high competition in most industries, challenges in predicting, pricing, and reserving for losses from products with long disclosure and claims settlement tails, and exposures to large "lower frequencies, high severity" losses such as asset disasters are all crucial risks in the non-life insurance industry. Such risks include:

- **Business Risk:** The business risk of a non-life insurer is determined by its business mix and competitive position within its target market. The following are some of the most important aspects to consider when assessing business risk:
- ✓ Each line of business has underwriting competence.
  - ✓ Sections provide policy limits and retention options.
  - ✓ Unnecessary risk accumulation and intensity are managed.
  - ✓ Sensitivity to high losses, such as natural disasters
  - ✓ Management and competence in the area of claims.

With the support of IDRA guidelines, CICL manages its business risks coming from various types of underwriting policies and underwriting specialists at the branch level. The organization manages the business risks associated with various underwriting policies and underwriting specialists at the branch level by giving them precise instructions and guidelines from the Head Office throughout time.

- **Liquidity Risk:** CICL controls its liquidity by ensuring that it has enough cash on hand to pay its claims and other obligations when they are due, both under regular and stressful situations, without incurring unacceptable losses or compromising the company's image. Furthermore, the corporation restricts the minimum amount of maturing funds that can be used to satisfy claims in the event of unexpectedly high demand.
- **Interest Rate Risk:** CICL has a sizable interest in government bonds and FDRs held by commercial banks. In the secondary market, there has always been a small-scale amount of investment. Interest income accounted for 22.16 percent of CICL's overall revenue in the fiscal year 2019. Interest revenue from FDRs and other deposits carries the danger of lowering the commercial bank's deposit interest rate. As a result, the Company will profit more from its core business, minimizing any loss or drop in income resulting from the investment previously placed.
- **Internal Control Risk:** CICL maintains its internal audit department, which aids in the firm's earnings discipline and management. The Head office collects information on the income and spending of each branch and the branch controlling person is held liable for the assessment and balance of all the accounts. If a discrepancy is discovered, the Company conducts a thorough inquiry and charges the offending party with reimbursement. Internally controlled risks influence the productivity and efficiency of internal controls, affecting goal attainment.
- **Insurance Risk:** Non-life insurance underwriting risks are frequently separated into premium and catastrophe risks, as well as reserve risk, to distinguish between risks connected to existing insurance contracts' prospective claims and claims that have already occurred. CICL mitigates this risk by using a skilled underwriting team to conduct pre-insurance surveys on big, complex risks. These risks are managed by the Company's underwriting approach, proper reinsurance arrangements, and aggressive insurance claims. Except for the automotive business, which has an excess of loss treaty, the Company has surplus treaty for other business classes.
- **Market competition risk:** According to the 'Insurance yearbook 2015,' there are 46 non-life insurance firms in Bangladesh, including SBC, all of which are engaged in the sector and liable for a total gross premium of BDT 26,380.95 million. In FY2015, CICL held only 1.38 % based

on the gross premium collected. Rather than sharing a bigger agency commission with the client, CICL should create innovative goods and provide exceptional customer service. Furthermore, the Company must broaden its target market or risk losing revenue to competitors.

- **Socio-political-economic Risks:** Changes in the country's political, social, and economic climate pose a risk since they may have a negative influence on total employment, savings, and hence investment. Individuals who manage various sorts of enterprises in our nation frequently face difficulties in their operations. This influences the insurance industry as well. Political unrest may have a detrimental influence on the Company's total policy collection and the number of claims filed against policies. In dealing with such hazards, the Company takes a careful approach.
  
- **Human resources Risk:** CICL has a significant fraction of the entire non-life insurance market. However, the corporation is taking steps to strengthen its position. The demand for dynamic, competent experts is projected to grow in the future. CICL had a total of 302 workers, with 182 working at the front desk and 84 working in development. The Head Office is divided into seven departments that oversee the Company's operations. The service norms and compensation scale of CICL are well-structured. In the Dhaka division, there are 17 branches, while 13 branches are located outside. At Bangladesh Insurance Academy and Bangladesh Insurance Association, a total of 31 employees were trained in various courses. Therefore, four personnel have earned the BIA diploma and two employees have earned the Cert CII (UK) from the Chartered Insurance Institute in the UK.
  
- **Regulatory Risk:** Insurance firms are obligated to establish a special fund called the "policyholders' Protection Fund" to make the entire claim settlement procedure smooth and quick. CICL enhanced its paid-up capital in FY 2017 in compliance with the Insurance Act of 2010. The paid-up capital of the company has been increased to BDT 240 million. The Board of Directors increased the company's paid-up capital from BDT 60 million to BDT 240 million by issuing 180, 000 ordinary shares and 30,00,000 bonus shares. Experienced board members and the audit committee of CICL are functioning following the instructions outlined in the

BSEC announcement of August 7, 2012, and ensuring that the Company meets all applicable criteria.

- **Technology Related Risk:** Existing technology may become obsolete as a result of new and cost-effective technology, obstructing the business process. As our country develops, the insurance industry is growing at a rapid pace. People are becoming more aware of the importance of insurance, which has led to the development of new insurance products. CICL is aware of the recent shift and feels that there are few possibilities that new technology would impede the Company's operations. CICL is currently using its IIMS software to issue cover notes, policies, bills, and MIS reports.
  
- **Financial Risk:** The underwriting department at CICL is responsible for classifying clients under suitable risk classifications and protecting the firm from clients who unlawfully represent themselves. CICL's primary source of revenue is underwriting revenue, and the company takes every precaution to reduce underwriting risk. According to improved underwriting profit from the marine class business, CICL's underwriting profit grew 53.83 % in 2019. With stronger underwriting results in the future, the Company will be better positioned to focus on lowering its management expenditure.
  
- **Anti-Money Laundering (AML) Risk:** To mitigate the risk of money laundering and terrorist financing, CICL makes every effort to comprehend the many aspects of the risk, and management demonstrates strong commitments to compliance. The organization authorized an anti-money laundering (AML) and counter-terrorist financing (CFT) compliance program with suitable rules, processes, and information infrastructure. The firm provides suitable AML and CFT training to officers and quickly adjusts to technological advances in this area.

### **7.3. Practices of CICL's Human Resource Management**

One of the most important wings of CICL is the human resource management wing. As of December 2021, the total number of workers is 400. The organization maintains 31 locations,

including one local office in Dhaka, whereby it conducts operations. The Head Office is divided into seven departments that oversee the Company's operations. The service norms and compensation scale of CICL are well-structured. In the Dhaka division, there are 17 branches, while 13 branches are located outside of the Dhaka division. At Bangladesh Insurance Academy and Bangladesh Insurance Association, officers receive training in a variety of courses. Frequent evaluations are given to improve employee productivity, and the promotion system is based on the experience and results of such tests. CICL hires employees based on their merit in a variety of positions and grooms them with training. The panel of directors approves the recruiting policy to ensure that the correct individual is hired for the proper position. Furthermore, CICL is empowering women and youth to provide a more contemporary and updated business framework.

### **8.3. CICL's Marketing Strategies**

Crystal Insurance Company Limited focuses its marketing efforts on recently announced products and services, as well as how convenient they are for its customers. The company is adding greater emphasis on offering better services to both retain existing consumers and attract new ones. The 4 Ps method is implemented for better analysis.

They are the four most important elements in the mass marketing of a product or service. Companies incorporate the 4 Ps to figure out what their buyers seek from them, how their product or service fulfills or fails to satisfy those demands, how their product or service is viewed in the world, how they differentiate themselves from their rivals, and how they engage with their clients. The four Ps are product, price, place, and promotion.

#### **1.8.3. The 4 Ps of CICL:**

##### **i. Products**

Crystal Insurance Company Limited is authorized to conduct all sorts of general insurance business, excluding life insurance, under the Insurance Act of 1938. CICL, like other general insurance firms, underwrites risks in the areas of fire, marine, motor, and miscellaneous businesses.

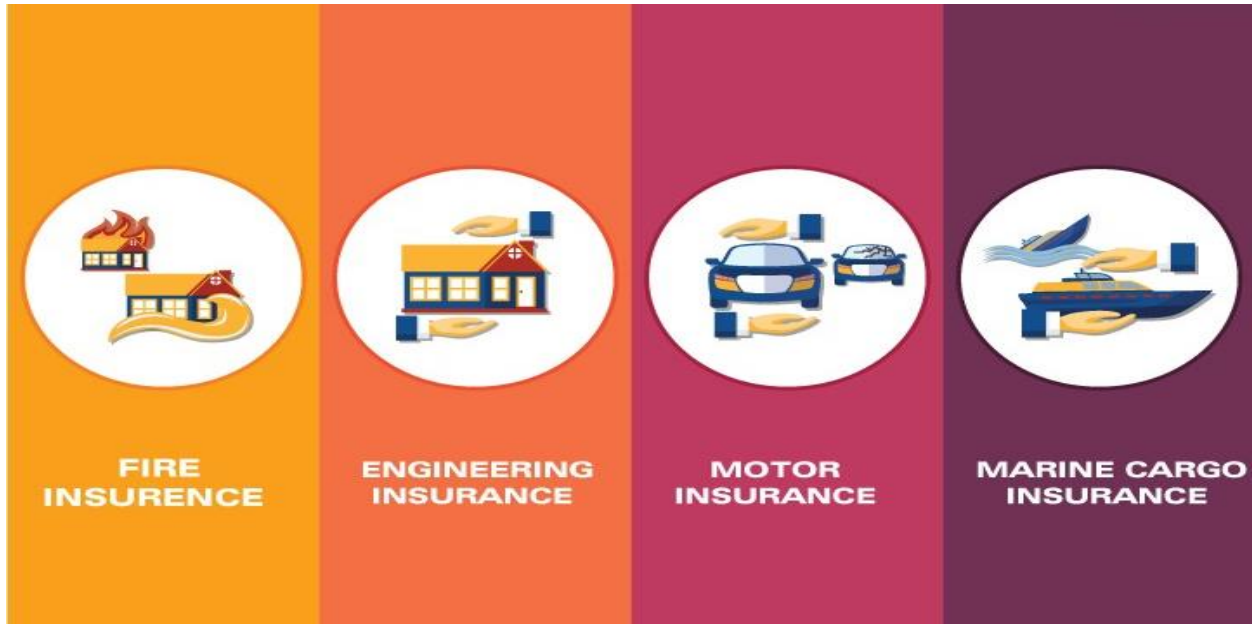
**The products include:**

Products	Classification
Fire Insurance or Accidental Damage on Property Insurance	1. Fire & Allied Perils Insurance
	2. Industrial All Risks Insurance
Marine Insurance	1. Marine Cargo Insurance
	2. Marine Hull
Motor Insurance	1. Motor Vehicle Insurance (Private)
	2. Motor Vehicle Insurance (Commercial)
Miscellaneous Insurance	1. Burglary Insurance (BUG)
	2. Cash-in Safe Insurance (CIS)
	3. Cash-in Transit Insurance (CIT)
	4. Cash-on-Counter Insurance (COC)
	5. Personal Accident Insurance (PA)
	6. Workmans' Compensation Insurance (WC)
Liability Insurance	1. Employers' Liability Insurance (EL)
	2. Product Liability Insurance (PDL)
	3. Public Liability Insurance (PL)
Engineering Insurance	1. Contractors' All Risks Insurance (CAR)
	2. Erection All Risks Insurance (EAR)
	3. Machinery Break-down Insurance (MBD)
	4. Deterioration of Stock Insurance (DOS)
	5. Boiler & Pressure Vessel Insurance (BPV)
	6. Contractors' Plant & Machinery Insurance (CPM)

*Table 2: Products and services of CICL*

CICL provides these services to its clients around the country to help them execute safe business transactions and protect their possessions.





ii. **Price**

Consumers and businesses are sold the company's products and services directly and through its representatives from the branches around the country. CICL determines their premium reasonable rates by comparing them to the industry for the best benefit of their clients.

Form Marine Tariff, Premium rates are divided into three ICC clauses: ICC'C', ICC'B', and ICC'A'.

Category	Features
ICC'C'	Normal risks
ICC'B'	Theft, Pilferage, & Non-delivery (TPND)
ICC'A'	Theft, Pilferage, & Non-delivery and including War & Strike, Riot and Civil Commotion (SRCC)

*Table 3: Risk categories of Marine Tariff of CICL*

**The list of premiums of Marine Tariff:**

<b>Marine Tariff</b>			
<b>Risk Classification</b>	<b>ICC'A'</b>	<b>ICC'B'</b>	<b>ICC'C'</b>
Water Borne	0.45% + All 5 rates per Rate Schedule No: 1A	0.45%	0.70%
Land Borne (Rail & Lorry Risk)	0.83%	1.08%	-

*Table 4: Marine Tariff of Water-Borne & Land Borne*

	<b>Air Risk</b>	<b>Air Risk + ND</b>	<b>Air Risk + TPND</b>	<b>Air All Risk</b>
<b>Air Borne</b>	0.22%	0.43%	0.65%	0.80%

*Table 5: Marine Tariff of Air Borne*

\*N.B.:

- a. Rate Schedule No. 1A = 9 (a) This insurance will not cover any loss, damage, or expenditures caused by inadequacy, instability, or improper storage of the insured subject matter.
- b. Deaths caused by illnesses and epidemics when traveling by ship or air are not covered.

**The list of premiums of Fire Tariff:**

Fire Tariff							
		Dhaka			Mofussil		
Category	Warrenty	Class I	Class II	Class III	Class I	Class II	Class III
Private Dwelling	-	0.06%	0.09%	0.17%	0.08%	0.16%	0.25%
Clubs	-	0.06%	0.09%	0.17%	0.08%	0.16%	0.25%
Hotels	-	0.15%	0.17%	0.26%	0.18%	0.26%	0.43%
Warehouse & Godown							
(a)	A	0.09%	0.11%	0.19%	0.10%	0.19%	0.27%
(b)	B	0.11%	0.13%	0.21%	0.13%	0.21%	0.30%
(c)	C	0.25%	0.34%	0.51%	0.31%	0.39%	0.56%
(d)	N/A	0.51%	0.60%	0.77%	0.61%	0.70%	1.04%
Shops & Sotres							
(e)	D	0.15%	0.17%	0.26%	0.18%	0.26%	0.43%
(f)	E	0.30%	0.38%	0.55%	0.36%	0.44%	0.61%
(g)	F	0.45%	0.53%	0.70%	0.54%	0.62%	0.79%
(h)	N/A	0.72%	0.81%	1.15%	0.87%	0.95%	1.29%

*Table 6: Fire Tariff Premiums*



**The list of premiums of Motor Tariff:**

Motor Tariff					
Vehicle Type	Cubic Capacity (cc)	Goods Transporting Capacity in tons	Basic - Own Damage Premium in BDT	Basic - Act Liability Premium in BDT	FIV
Class- A Private Vehicle					
Car	1,300	1.5	2,795	150	2.65%
	1,800	1 to 1.5	2,873	250	2.65%
	3,000	3	2,925	350	2.65%
	3,000+	3	2,990	450	2.65%
Luggage Trailer	-	-	26	15	1.25%
Caravan or any other Trailer	-	-	71.5	30	1.25%
Motor Cycle					
(i)	upto 150		200	50	2.15%
(ii)	upto 250		275	80	2.15%
(iii)	upto 350		350	150	2.15%
Auto Cycle	-	-	75	40	1.65%
Class- B Commercial Vehicle					
Goods Carrying Vehicle	-	upto 3	3,078	1,250	1.65%
Class- C Passenger Vehicle					
18 Seats	-	-	2,814	500	2%
19 - 24 Seats	-	-	3,072	525	2%
25 - 30 Seats	-	-	3,612	550	2%
31 - 36 Seats	-	-	4,124	600	2%
36 & up Seats	-	-	4,410	650	2%
Taxi	-	-	3,024	334	2%
Class- D Miscellaneous & Special types of Vehicle					
Agricultural & Forestry	-	-	258	154	1.65%
Airline Vehicle	-	-	1,008	277	1.65%

*Table 7: Motor Tariff Premiums*

\*N.B.:

- c. FIV = Full Insured Value.
- d. All premiums and classifications are processed following IDRA regulations.



### iii. Place

Crystal Insurance Company Limited has 31 branches across the country that cover economically valuable and important places. Each site is chosen for the clients' convenience as well as for optimal business coverage. There are 17 branches in Dhaka, in addition to the head office, and 13 branches outside of the Dhaka division.

CICL Branches	Area & Address
Local Office	Lal Bhaban (8th Floor), 18, Rajuk Avenue, Dhaka-1000.
Corporate Branch	DR Tower (14th Floor), 65/2/2, Purana Paltan, Box Culvert Road, Dhaka-1000.
Principal Branch	Lal Bhaban (8th Floor), 18, Rajuk Avenue Dhaka-1000
Rajuk Avenue Branch	Lal Bhaban (10th Floor) 18, Rajuk Avenue, Dhaka-1000
Dilkusha Branch	Fazlur Rahman Centre (Flat-6/C), 72, Dilkusha C/A, Dhaka
Sadarghat Branch	45, Johnson Road. Dhaka.
Narayangonj Branch	House No. 104, Road No. 94, Nabab Sirajuddowla Road, Narayangonj
Agrabad Branch	MakkaMadina Trade Center (10th floor) 78, Agrabad, Chittagong.
Jubilee Road Branch	Kamal Chamber (5th Floor), 61, Jubilee Road, Chittagong
Sylhet Branch	Elegant Shopping Mall, JallerparZinda Bazar, Sylhet.

*Table 8: Commercially important CICL branch locations*

These are the commercially important branches of CICL both inside and outside of Dhaka city. The local office and principal branch are located in Motijheel, one of the significant commercial

areas, and the head office is located in Purana Paltan. Moreover, there are multiple branches in Chittagong, Sylhet, and Narayanganj which are very convenient to the clients.

#### iv. **Promotion**

As a private insurance provider, Crystal Insurance Company Limited is up against the stiff competition. As Bangladesh's business sector develops, it employs a variety of marketing tactics and techniques to attract new business. The majority of promotional tools and businesses are procured in exchange for enticing promises such as commission, gifts, offering jobs, extremely rapid claim settlement, and settling of prominent customers.

**CICL's Media Campaign:** Many press releases and immaculate news about CICL have been published in various print media and on television, with the majority of them being publicity broadcasting. The firm has received several news platforms about its success and IPO release over the last few years, which resulted in extensive media attention in print, electronic, and internet media.

**The Primary Areas Where Products and Services Are Branded:** Because the world is getting more technologically advanced and people are growing more reliant on it, CICL has turned to digital marketing. The firm has released a lot of graphic and video content on its Facebook page and its official website in the last few years. Furthermore, CICL places an advertisement in the newspaper. Such are the primary places where the market to reach the greatest number of people.

**Advertising Through Various Aspects of Social Inclusion:** Crystal Insurance Company Limited participates in a variety of CSR initiatives in which they assist individuals and are recognized by a large number of people. The firm also assists individuals with education and offers support to the government in disaster management.

Apart from that, CICL competes with its competitors by providing superior service, such as speedy claim settlement, an effective policy distribution system, and after-sale support, among other things.

### 9.3. Financial Performance and Accounting Practices

Crystal Insurance Company Limited does have a relatively strong financial performance according to its financial statements over the previous five years. The company has retained a much strong financial position since its inception in the year 2000, and the statistics and graphs demonstrate that they are expanding.

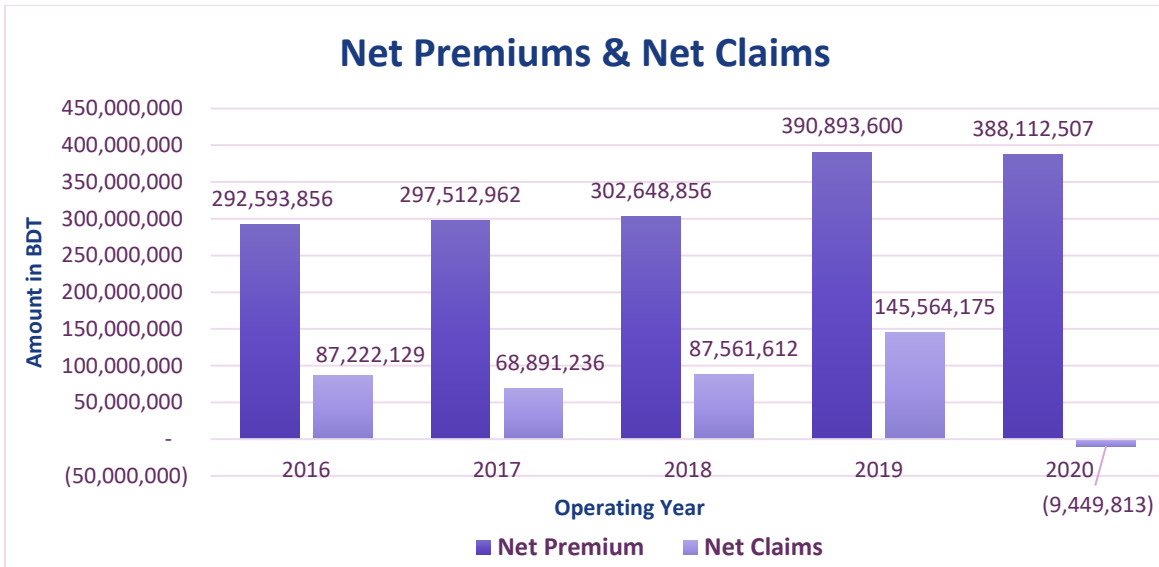
#### 1.9.3. CICL's Financial Information and Performance Analysis

The most recent financial statements were produced and audited by the Commission's panel auditors under the Securities and Exchange Rules of 1987, as well as the Company Act of 1994. It depicts the CICL's financial success as well as its expansion.

Operating Performance	2016	2017	2018	2019	2020
Total Revenue	BDT 292,593,856	BDT 297,512,962	BDT 302,648,856	BDT 390,893,600	BDT 388,112,507
Operating Profit	BDT 97,760,260	BDT 111,148,731	BDT 128,652,309	BDT 136,431,700	BDT 210,310,975
Profit Before Tax	BDT 50,499,862	BDT 54,567,640	BDT 79,571,490	BDT 105,777,186	BDT 149,915,893
Profit After Tax	BDT 45,228,031	BDT 49,772,471	BDT 67,986,676	BDT 75,202,880	BDT 122,588,906
EPS	2.45	2.07	2.6	2.92	4.58

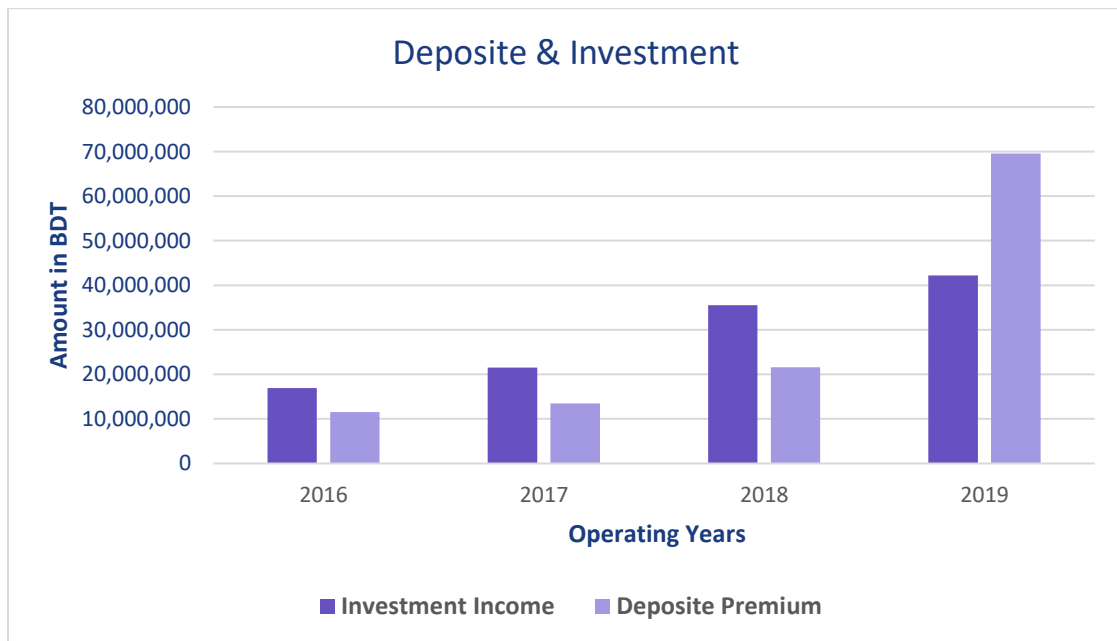
*Table 9: CICL's five years financial performance*

The organization has constantly expanded its overall number of clients, resulting in higher premium earnings. This performance demonstrates that CICL is expanding its market reach. From the data, it appears that CICL's income has been steadily growing from 2016 to 2019. However, as a consequence of the COVID-19 Pandemic, their earnings have decreased in 2020 compared to 2019. This has made a change in the earning per share (EPS).



*Figure 2: Net Premium and Net Claims comparison chart*

The preceding graph illustrates that CICL's net premiums have constantly climbed, indicating that the company's intake is consistent. Furthermore, its claim settlement has consistently improved in the general insurance industry.



*Figure 3: Deposit and investment comparison*



The deposit of CICL has persistently risen, indicating that the company's inflow is routinely maintained, as shown in the above graph. Furthermore, this company's overall number of investments in various firms has consistently expanded.

Operating Years	2016	2017	2018	2019	2020
Equity Amount	BDT 394,681,937	BDT 503,101,198	BDT 555,957,016	BDT 586,175,394	BDT 839,067,725

Table 10: Equity amount for last five years of CICL

When looking at CICL's equity over the last five years, it's clear that the company's equity is expanding, which is great for the company's future growth.

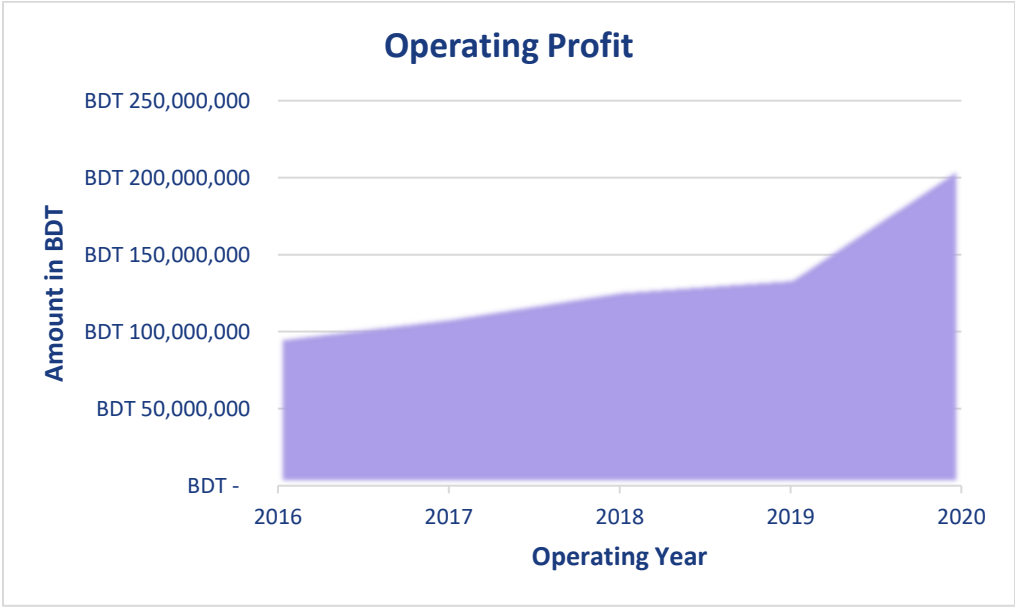


Figure 4: Operating profit growth trend

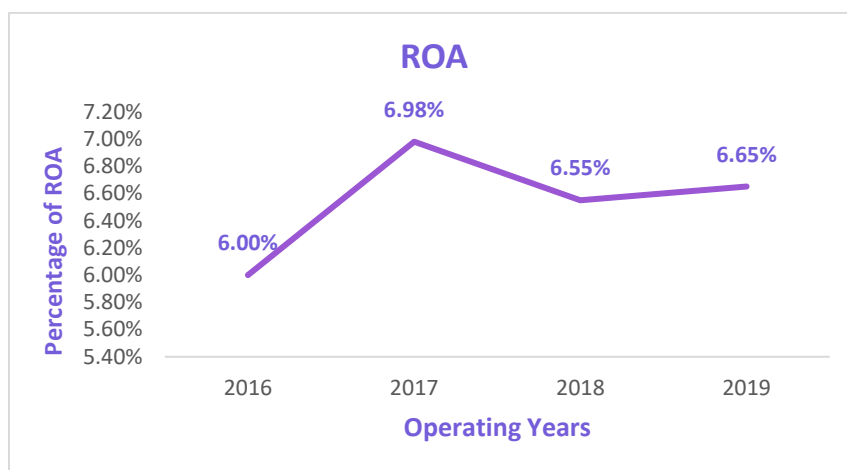
Given the stacked area chart, it appears that CICL's operational profit is steadily growing. Crystal Insurance Company Limited's earnings are on the rise. As a result, they have consistently earned more money from their activities during the last five years than the prior year. This demonstrates

that CICL is performing an excellent business in the general insurance industry.

Ratios	2016	2017	2018	2019
ROA	6.00%	6.98%	6.55%	6.65%
ROE	11.46%	12.08%	11.21%	11.97%
NPM	11.59%	15.24%	14.45%	13.31%
EBITDA Margin	16.65%	19.66%	24.97%	24.54%
EPS	2.45	2.07	2.6	2.92

*Table 11: Important ratios of CICL*

The table below depicts CICL's Return On Assets (ROA) from 2016 to 2019. The ratio has increased significantly between 2016 and 2017, which is considered good in the insurance industry. In 2018, however, it declined, but in 2019 it began to rise considerably.



*Figure 5: ROA of CICL*

The return on equity (ROE) is a measurement of a company's profitability in proportion to its equity, as illustrated in the data for CICL. The ratio has been oscillating over the past four years, slightly rising in 2017, falling in 2018, and then rising again in 2019.

The net profit margin (NPM) in CICL corresponds to the amount of profit earned as a proportion of premium revenue. According to the data, there was a significant increase in 2017 over the previous year. In the subsequent years, however, it consistently dropped. It is a matter of concern for CICL, and to take effective measures to turn things around.

In the data for CICL, earnings before interest, taxes, depreciation, and amortization (EBITDA) is a representation of a company's operating profit as a proportion of revenue. This ratio increased steadily for CICL from 2016 to 2018, which is a positive indicator for the profit earnings ratio. Even so, in 2019, it decreased marginally, indicating a lower profit proportion for the company.

The Earnings per share (EPS) for CICL demonstrate the worth of a share and how appealing it is to shareholders, who are willing to pay more if they believe the firm has higher earnings than its stock price. There was a drop in the EPS consequently in 2017 and 2018, but there was a growth in 2019. If this performance is maintained in the growth of EPS, CICL's shares would be preferable to the investors.

### **2.9.3. Accounting Practices**

A statement that the financial statements for Crystal Insurance Company Limited were prepared under International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, and that any deviation from those standards was sufficiently revealed. There are several ways that CICL manages its accounts, they are:

- ♣ **Accounting In Manual Process:** Crystal Insurance Limited is gradually transitioning to a completely computerized accounting system. Meanwhile, the accounts are processed and computations are done manually or by bookkeeping. They keep adequate journals and records to provide transparency to the authorities and audit team.
- ♣ **Accounting in Computerized Process:** For routine business and financial reporting, CICL uses software developed by its IT department. They employ appropriate and proper accounting principles, such as International Accounting Standards (IAS) and international financial standards (IFS), to prepare financial statements that meet globally accepted standards.

CICL incorporates the Bangladesh Financial Reporting Standard (BFRS), with BFRS Contract 4 describing the precise accounting and financial reporting procedures about insurance contracts in the financial statements. Furthermore, CICL adheres to the International Association of Insurance

Supervisors (IAIS) supervisory requirements on non-life insurance, risk and associated disclosures, technical disclosures, and a variety of other topics.

## **10.3. Operation Management and Information System Practice**

For their service, Crystal Insurance Company Limited ensures positive operation management and information system. To undertake operational management, the organization has an operation section and an internal compliance section. There is also an IT management department, which stores data and information in a computerized format and provides technical support to the entire firm.

### **1.10.3. Operation Management Practices**

Operational management's primary objective is to stay forefront of the competition in the market by offering the finest service to its customers. Every branch has an operations manager who is in charge of the company's day-to-day operations. To ensure better service According to the Company, CICL follows the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants in their everyday activities (IESBA Code). The operational vehicle oversees the management of each of the CICL branches, which sends reports to the central office periodically. The principal operational section of CICL is at the Purana Paltan, corporate branch, and the head office, where they primarily emphasize the operational strategies that CICL must implement to maintain balanced operational management and enhance the company's operational performance.

### **2.10.3. Information System Practices**

As our country develops and technology advances, the insurance industry expands at a continuous pace. Consumers are becoming more conscious of the need for insurance, which has led to the introduction of new types of insurance products and services on various platforms. As a result, CICL is well aware of the recent changes and feels that there is a minimal likelihood that the

Company's operations would be hampered by new technologies. CICL currently issues cover notes, policy, Bill, and MIS reports via its IIMS (integrated inventory management system) software. The practices include:

- ♣ **Management Information System (MIS):** Within the organization, CICL has created a well-functioning MIS. The technology has been installed in every branch of the organization to improve communication. The company's management monitors and records the company's business trends, growth, and other performance indicators. This technique also assists management in staying informed about the competition and developing new strategies.

## **11.3. Industry and Competitive Analysis**

Crystal Insurance Company Limited is a deep-rooted insurance company in Bangladesh's insurance industry. To understand more, certain important financial metrics are utilized to compare CICL's performance to that of the industry, they are:

### **1.11.3. The SWOT Analysis**

The SWOT analysis is a strategic planning and strategic management approach that has been used to assess CICL's strengths, weaknesses, opportunities, and threats concerning company competitiveness and planning. They are:



## STRENGTHS

- ✦ Board of Directors with extensive experience
- ✦ Management with years of experience
- ✦ Finances in Full Compliance
- ✦ Settlement of claims has a strong track record.
- ✦ An effective marketing strategy



## WEAKNESSES

- ✦ Market share comes up short.
- ✦ The range of enlistment is limited.
- ✦ There are very little advertising and promotional efforts.



## OPPORTUNITIES

- ✦ Growing market share
- ✦ Diversifying capital usage
- ✦ The company's branding
- ✦ A drive to increase future profits



## THREATS

- ✦ Policies of the government
- ✦ Unrest in politics
- ✦ A Daunting Competition
- ✦ Industry Policy that is Inappropriate
- ✦ Avoidance tendencies
- ✦ Premiums are minimal.
- ✦ Reinsurance is at an all-time high.

*Figure 6: SWOT Analysis of CICL*

### 2.11.3. Porter's Five Forces Analysis

CICL's Competition, New entrants into the sector, Supplier power, Buyer power, and the Threat of substitute products and services in the market are all identified using Porter's 5 Forces. The analysis reveals:

- i. **Competitive Rivalry:** Bangladesh has at least 46 non-life insurance providers, thus there is a high level of competition. Even though Crystal Insurance Company Limited has been in

existence for over 20 years, competition is increasing fast as the economy grows and new insurance firms enter the market. As a result, this business has a lot of fierce competition.

- ii. **Power of Supplier:** A supplier can dominate the market by the power they hold over the industry. An insurance company's strength is its agents and smart executives who bring in consumers. They are critical to the premium revenue's long-term viability. CICL will lose business if these valuable employees are lured by rival firms. Furthermore, investors have the choice of choosing another firm because there are several alternatives. The influence of the provider is significant in this industry.
- iii. **Power of Buyer:** Insurance is mostly purchased by companies and property owners. These customers are continuously on the lookout for a reduced premium cost from various firms. All of the insurance firms are interested in a few major consumers. Some large brokers bring more business to the firms. Customers might choose to use the services of different insurance firms. As a result, buyer power is likewise strong in this market.
- iv. **The Threat of Substitutions:** Customers and investors have a variety of options because Bangladesh has 46 general insurance providers. If the services provided by CICL are not satisfactory, they might move to another business. Hence there is a threat of substitutes, which aids firms in their quest for continuous improvement.
- v. **The Threat of New Entrant:** There is apprehension about entrants to the market since, with extensive knowledge and years of experience, managers and high-ranking officials may start their own insurance companies. Customers from the previous firm may be enticed to switch to the new one.

## 4. Summary and Conclusion

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Crystal Insurance Company Limited is at the zenith of Bangladesh's general insurance market. They have a strong reputation in Bangladesh's export-import industry. Because they entered the stock market and the announcement of their initial public offering (IPO), CICL has become more well-known. Although they have some flaws, they have established a stronger position in Bangladesh's insurance business. CICL has excellent risk management and operational management procedures. They must, however, take more caution in their marketing and

accounting methods. To reach more clients, more promotions are required. Because technology is the path to a new era of business, CICL is taking the path that will be a better solution in the future. CICL has gone a long way in this business, and the company's performance efficiency has helped it to flourish even more.

## 5. Recommendations

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- ♣ To acquire new clients, CICL will need to increase its advertising budget.
- ♣ To maintain pace with the current insurance industry, CICL should make more use of advanced technologies.
- ♣ CICL might also create a customer service department to inform new consumers about the services they require.
- ♣ To grow its business, CICL should provide new products.
- ♣ For performance contingency, CICL needs to make its staff more efficient on technology through a training center.



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# **Chapter 3**

## **Risk Analysis of Crystal Insurance Company Limited**

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## 6. Introduction

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### 1.6. Background

The most essential function in both life and non-life insurance is risk analysis. This is also the preliminary stage in the insurance processing procedure. In the insurance business Insurers utilize risk analysis, also known as underwriting, to evaluate and analyze the risks connected with an insurance policy (The Economic Times, 2022). This technique is useful in determining the right premium for a policyholder. In the context of insurance, risk refers to any probability of loss or other unfavorable occurrences that might compromise an organization's capacity to perform its goal and necessitate the filing of an insurance claim. In the insurance industry, risk management is described as the process of detecting potential risks in advance, assessing them, and taking actions to mitigate the risk. This is an action plan that outlines the steps to take to reduce risk (Chowdhury, 2018). Possible risk factors must be considered during the lifespan of a business initiative at Crystal Insurance Company Limited. This aids in the prevention of detrimental impacts of the environment, shipping, cultural, financial, or any other risks that a project may face, such as export-import, car insurance, property insurance, and so on. Risk analysis ensures that projects run well, optimizing productivity and income production for both the company and the insurance provider. Insurance, in particular, can have effects such as promoting financial stability, mobilizing savings, facilitating trade and commerce, allowing risk to be managed more efficiently, encouraging loss mitigation, and fostering efficient capital allocation, as well as being a substitute for and complementing government security programs (Skipper, 2001). Insurance companies reduce the impact of crises on the micro and aggregate macro levels by reducing uncertainty and volatility. Insurance also protects against possible navigating outcomes of activities carried out by individuals or companies endangering themselves and their future abilities. This minimizes the risk of unsafe leisure activities, job-related safety risks, and risky investments, among other things (Ward and Zurbruegg, 2000).

## **2.6. Objectives**

The report's major objectives are as follows:

- ♣ To analyze Crystal Insurance Company Limited's risk assessment.
- ♣ To assess the impact of CICL's revenue and business efficiency on risk levels.
- ♣ To explain the risk mitigation methods for CICL

## **3.6. Significance**

The fundamental relevance of this project is that it will emphasize CICL's risk management and management stability. To enhance their performance, insurance firms must adopt a highly thorough and detailed risk management policy. For CICL, this aids in the development of robust and effective risk management and evaluation procedures. Therefore, this report will assist the reviewer in comprehending the risk analysis process for the various services provided by CICL.

## **4.6. Methodology**

There were several types of information resources retrieved for this report. In the following sections, they are reviewed in further detail:

### **1.4.6. Primary Resources**

- ♣ Performing directly under the accounting and underwriting manager and the Assistant Managing Director of the company's Finance & Accounting Department gave invaluable expertise.
- ♣ The organization provided many different types of documentation.
- ♣ Assistance from the assigned company's operational manager (internship supervisor)

#### 2.4.6. Secondary Resources

- ♣ The official website of Crystal Insurance Company Limited.
- ♣ The CICL annual report.
- ♣ Derived from data of IDRA, the in the text and on the website.
- ♣ a range of research articles on the general insurance industry.

Other processes have been employed to generate this report. They are as follows:

- ♣ **Risk Assessment:** The risk management of CICL has been thoroughly assessed, including risk categorization. The analysis also contains information about each category of risk, as well as data, samples of calculations, and statistics.
- ♣ **Risk Mitigation Methods:** After assessing the risks for the company, the methods for mitigating the risks are also discussed.

## 7. Findings and Analysis

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### 1.7. Risk Assessment

The insurance business in Bangladesh, specifically Nonlife Insurance Companies like Crystal Insurance Company Limited, has faced a variety of issues throughout the years, with risk assessment at the top of the priority list. The demand for insurers to adapt and professionalize current risk management processes to reduce the transitioning demands is rising more and more. The vital advantage of Risk Management for Insurers is that it focuses on realistic risk management ideas rather than technical calculations and complex models, making it easier to follow for a regular person.

The authorities involved in risk management for the organization are:

- ✓ Risk Managers
- ✓ Actuaries and Controllers
- ✓ Accountants
- ✓ Auditors

- ✓ Managers of corporate finance, particularly those in charge of underwriting and reinsurance
- ✓ Investment Managers
- ✓ Equity Analysts
- ✓ Financial Consultants

Policyholders lessen uncertainty by transferring risks to an insurance company; therefore, companies become vulnerable to risk and uncertainty. The significant uncertainties are how many claims will be filed and how much the insurance would have to compensate to resolve such claims. They have a significant impact on how much the insurer will charge as a premium for the insurance security offered, as well as what amount the insurer must set aside for future claim payments. Other risks to the insurer include recovery of fixed expenditures, failure of third parties such as brokers or reinsurers, asset value declines, and the insurance cycle. The amount of the free reserves, as well as reinsurance coverage and investment policy returns, will impact the insurer's capacity to deal with such risks.

### **1.1.7. Understanding Risk**

The primary characteristics of risk are the unexpected and uncertain nature of occurrences, as well as the potential of a combination of hazards or threats to any project or life, resulting in the chance of loss. Risks can be divided into two categories: speculative risks, which involve the possibility of profit or loss, and pure or operational risks, which are more closely related to the unpredictability of loss.

### **2.1.7. Risk Management**

Considering a comprehensive knowledge of the risk, CICL's management may make judgments on whether certain exposures are acceptable or not. Hence, risk management helps a company's management to successfully deal with uncertainty and the dangers that come with it, including the chance for capacity building. The foremost objective of risk management is to prevent the loss or destruction of assets and earnings. Risk management is essential for CICL because businesses prefer to transfer risk to insurers as a risk management mechanism, and insurers must manage risk

in such a way that they can operate their business profitably even after adequately settling claims to maintain customer confidence as a trusted insurer.

### **3.1.7. Risk Management Framework**

Every organization's risk management framework, like CICL's, is heavily impacted by its management's risk assessment. Risk assessment varies from one organization to another, based on risk factors such as the nature of the venture, socio-economic threats, political and legal environment volatility, the possibility of an act of God occurring concerning geographical strata or position, and finally the entrepreneur's financial strength.

Because of the nature of its company, CICL proactively strives to retain risks, necessitating a focus on enterprise risk and capital management. CICL likes to pay appropriate attention to the volatility of earnings with effective decision-making, enhancement of underwriting abilities, and compliance with corporate governance, although IDRA can have a significant impact on the operation of the insurance business. Furthermore, CICL takes no shortcuts in meeting the challenges posed not only by clients, investors, rating agencies, and auditors but also by IDRA's regulating body. Risk management is a continuous process that includes risk assessment, monitoring, and administration.

### **4.1.7. Key Components of Risk**

Experts pay special attention to the following main components of risk for each peril when modeling risk. The modeling tools specify that the following components of risk emanating from each threat must be accounted for. The components are:

- ♣ **Volatility:** The level of uncertainty or risk regarding the extent of fluctuations in a security's value is referred to as volatility. A security's value might be spread out over a greater range of prices if its volatility is higher. Minimal volatility suggests that the value of an investment does not vary substantially over time, but rather fluctuates at a consistent rate. In non-life insurance, the quantity of probable claims varies greatly depending on the type of business, and as a result, it's difficult to say if the claims that have already happened are representative of what may be expected. If there is a lack of risk independence, the variance

of collective claim amounts will rise. As a result, risk concentration will increase the uncertainty surrounding claim size fluctuation.

- ♣ **Uncertainty:** The incapacity to anticipate the future with precision is referred to as uncertainty. They must examine the impact of any deviations from the expected values due to the presence of uncertainty. The higher the level of uncertainty, the higher the risk. The risks that a non-life insurer faces can be divided into two categories:
  - i. Uncertainty about the result of previously stated business.
  - ii. Uncertainty about the premiums that the insurer will have to impose in the future to acquire the intended financial outcome.

## **2.7. Risks of many kinds**

### **1.2.7. Underwriting Risk**

Underwriting is the process through which a big financial service provider, such as a bank, insurer, or investment house, determines whether a customer is eligible to acquire their goods, such as equity capital, insurance, or credit ("Lloyd's of London - Wikipedia," 2020).

Potential clients' risks and exposures are assessed by insurance underwriters. They determine how much coverage the customer may have, how much they should pay for it, and whether or not to insure them at all. Underwriting entails assessing risk exposure and calculating the premium required to cover that risk. The underwriter's job is to find or "write" business that will profit the insurance company, as well as to safeguard the firm's book of business against risks that they believe may result in a loss. It is the procedure of issuing insurance policies in basic words. PML (Probable Maximum Loss) evaluations would usually impact underwriting actions, and the quantity of reinsurance placed on risk would be based on the PML value. The PML is the estimated value of the biggest loss that might occur as an outcome of property damage and loss of usage. In the event of a fire loss, assuming the regular operation of protective elements such as firewalls, sprinklers, and a prompt fire department, among others.

At its most basic level, catastrophic risk management is ensuring that insurers and reinsurers can continue to operate after losses from a "probable maximum" occurrence. PML management is approached by insurers and reinsurers that have prepared for the possibility of a big natural disaster and have calculated their risk correspondingly.

## An Illustration of Risk Analysis in Underwriting

### Marine Cover Note:

THE SCHEDULE	
The Insured Name and Address	TBL ., Dilkusha C/A, Dhaka A/C. M/S. Walton Hi Tech Industries Ltd.
Interest Covered	Parts and Components For Accumulator Manufacturing in export standard packing.
In Transit By	Per any steamer or power-vessel as per Institute Classification Clause and/ or conveyance by road and/or rail and/or approved aircraft and/or parcel post to be declared. By AIR/SHIP
Voyage From	Any Port of China TO : Factory Site, Via : Hazrat Shahjalal Int'l Airport / Chattogram Sea port
Amount Insured	US\$ 1,15,111.60 +10% @Tk. 85.70 = BDT. 1,08,51,571.00
Amount in Words	One Crore Eight Lakh Fifty One Thousand Five Hundred Seventy One Only.
Conditions of Covered	ICC'C / AIR RISK ONLY.

*Table 12: Schedule of cover note of CICL*

The table illustrates the cover note schedule for a CICL insurance policy. The insured's name and address *are* the banks that issued the insurance, as well as the client for whom the policy was issued. Which in this case is the Trust Bank Limited and the client is Walton Hi-Tech Industries Ltd. Interest covered is the mention of what kind of goods are being imported and therefore insured. In the 'in transit by' section, it says what kind of vehicle is used to transit the preferred goods, e.g., steamer or power-vessel, rail, or aircraft. And it also shows the ways the goods are transited. The Voyage from section is for showing from which port to which port the transit is taking place. The amount insured is the part where the total price of the goods is presented. The currency could vary with the country that the transit is taking place e.g., Dollar, Euro, Yen, etc., and then it is converted into BDT. Amount in words is just for the amount written in words for BDT. Conditions of Covered are very important for underwriting. In this part, the categories of



risk are shown here, which is previously mentioned on page no: 20. In this particular case, it is ICC'C', meaning covering normal risks.

Calculation of a policy		
Category	Rate	Amount
Amount (Converted)	\$1= 85.70 (+10%)	BDT 1,08,51,571
Marine Tariff	0.30%	BDT 32,555.00
WAR & SRCC	0%	BDT -
Net Premium		BDT 32,555.00
VAT	15%	BDT 4,883.00
Stamp Duty		BDT 7,234.00
Grand Total		BDT 44,672.00

*Table 13: Policy Calculation of CICL*

In underwriting, the personnel after evaluating the risk calculate the amount that the policy is being made for. At first, they convert the foreign currency amount into taka (BDT) at the rate of that day. Secondly, as per the risk category tariff, they apply the percentage and apply WAR & SRCC if applicable. Thirdly, they calculate the net premium, which is the revenue for the company. After that VAT is calculated, if applicable, and Stamp Duty is added. The Grand Total is the amount the client will pay to the company.

### 2.2.7. Credit Risk

Credit risk is the risk that arises when a counterparty's capacity to meet its commitments is questionable. Often insurance contracts, particularly finite risk programs, include various degrees of credit risk on both sides of the transaction, based on the participants' financial condition. An institution should consider three factors when analyzing credit risk from a given client:

- **Default Probability:** The probability of a borrower or debtor defaulting on loan repayments is known as the probability of default (PD). 'What is the chance that the counterparties would fail on its commitment either throughout the life of the obligation or over some defined timeframe, such as a year?' asks the corporation using this model. This is known as the expected default frequency (EDF), and it is determined for one year. EDF is a metric that evaluates the likelihood of a corporation defaulting on

payments within a specific period by failing to respect the interest and principal payments, generally within a year.

- **Credit Exposure:** Credit exposure is a measure of the company's highest possible loss if the policyholders fail to pay. Counterparty risks to other financial institutions, pre- and post-settlement risks, and liquidity risks in unwinding bets placed on default are all elements of this.
- **Recovery Rate:** The amount to which principal and accumulated interest on an insured's defaulted obligation may be collected, represented as a percentage of the face value or, in this case, insurance premium, is known as the recovery rate. The value of a security as it emerges from the default or bankruptcy of an insured can alternatively be characterized as the recovery rate.

### 3.2.7. Market Risk

The threat to an organization's financial position posed by adverse changes in the level or volatility of market rates for interest rate instruments, shares, and currencies is known as market risk. It's commonly defined as the potential profit or loss in a position or portfolio that's linked to a price movement with a certain probability over a specific time frame.

Market risk refers to the possibility that the value of an investment would decline as a result of changes in market variables, which include the following standard market risk considerations:

- **Equity Risk:** The financial risk of owning stock in a particular investment is referred to as equity risk. Equity risk usually refers to the danger of investing in firms through stock purchases, rather than the risk of paying into real estate or growing equity in assets. For better understanding equity risk calculation of CICL is given below:

Monthly	Price	Return %	DSEX	Return %
<b>12/30/2020</b>	42.3		BDT 5,649.90	
1/31/2021	36.2	-14.42	BDT 5,404.80	-4.34
2/28/2021	34.2	-5.52	BDT 5,278.20	-2.34
3/31/2021	54.5	59.36	BDT 5,479.60	3.82
29/4/2021	58.9	8.07	BDT 5,991.00	9.33
31/5/2021	63.5	7.81	BDT 6,150.50	2.66
30/6/2021	59	-7.09	BDT 6,425.30	4.47
31/7/2021	63.5	7.63	BDT 6,869.20	6.91
31/8/2021	59.9	-5.67	BDT 7,329.00	6.69
30/9/2021	57.2	-4.51	BDT 7,000.90	-4.48
31/10/2021	52.2	-8.74	BDT 6,703.30	-4.25
30/11/2021	56.6	8.43	BDT 6,756.70	0.80
30/12/2021	51.8	-8.48057	BDT 7,032.40	4.08

*Table 14: Monthly data for Risk calculation of CICL*

<b>Equity Risk</b>	
<b>total risk (price)</b>	<b>9.68</b>
<b>Beta</b>	<b>1.33</b>
<b>SD DSEX</b>	<b>4.82</b>
<b>Market Risk</b>	<b>6.39</b>
<b>Unsystemetic Risk</b>	<b>3.29</b>
<b>r square</b>	<b>0.11</b>

*Table 15: Risk calculation of CICL*

\*N.B.: The calculations are done with minimal data available.

From the above tables, beta is 1.33, which means if the market price for the stock decreases by 10%, CICL's stock price will decrease by 13.3%, which makes the stock very volatile in the market. Moreover, the total risk is 9.68%, which is considered moderately high. In this case, the standard deviation is utilized as a measure of market volatility as well as an outcome of risk. The greater the risk, the more unpredictable the price movement is and the larger the range is. Since CICL's market risk or systematic risk is 6.39%, it is a moderately risky investment. The data shows that the unsystematic risk is 3.29%, and it cannot be handled externally. Only internal strategies are responsible for managing unsystematic risk. The most common way to analyze r-squared is to see how well the regression model matches the data. The value of r-square in this computation is

0.11, which is closer to 0. As a result, the stock price of CICL does not decline in lockstep with the market index. Compared to other equities, CICL's stocks are safer.

→ **Interest Rate Risk:** The risk that an interest-bearing asset, such as a loan or a bond, may lose value when interest rates rise is known as interest rate risk. On average, the price of a fixed rate bond falls when interest rates rise, and conversely. Interest rate fluctuations influence a variety of assets, but they have the greatest impact on the value of bonds and other fixed-income products. As a result, bondholders keep a close eye on interest rates and make decisions depending on how they are perceived to vary through tenure.

If an investor purchases a five-year BDT 500 bond with a 3% coupon, for instance. After that, the interest rates jump to 4%. When additional bond offerings with more appealing yields reach the market, the investor will have difficulty selling the bond. Lesser secondary market prices are a result of decreased demand. The bond's market value may fall under its initial purchasing price.

→ **Currency Risk:** Currency risk is a type of risk caused by a change in the value of one currency versus another. Whenever investors or corporations have assets, do business, or, in this example, conduct policy activities across national boundaries, they are exposed to currency risk unless their positions are hedged. For instance, if the price of the US dollar rises due to inflation or other factors, doing business in USD will cost more in BDT.

#### 4.2.7. Operational Risk

The risk of loss coming from insufficient or failing internal processes, people, and systems, as well as external events, is known as operational risk. This concept, according to the committee, covers legal risk but excludes systemic and reputational risk. Previously, there was a lot of attention on approaches for evaluating and controlling market risk. Afterwards, the focus turned to credit risk measurement and management strategies. Firms and regulators were increasingly concentrating on risks "other than market and credit risk" towards the end of the decade. These were termed operational risks as a group. This broad group of risks was thought to comprise:

- Errors by employees
- Failures of systems
- Physical assets can be damaged by fire, floods, or other disasters.
- Fraud or other illegal activity

These operational risks might lead to one or more of the following scenarios, all of which could cause further issues for CICL:

- A company-wide outage, disruption, or failure
- Data or system control is lost
- The financial deficit, especially denial of an insurance claim
- Employees' purposeful or careless injury, as well as harm produced by external malicious people, may be subject to legal culpability or regulatory sanctions.
- A disadvantage in the marketplace

Operational risk has been identified as a significant concern for both insurers and banks. However, separating operational risk from the loss experience data generally collected for another underwriting, credit, and market risk poses a major issue for insurers. For example, insurers will need to look at how much of their underwriting losses are due to ineffective or incorrect underwriting procedures or poor client management. As a result, it is suggested that insurance supervisors, the insurance business, and the actuarial profession collaborate to produce acceptable operational risk measurement studies.

### **5.2.7. Liquidity Risk**

Liquidity risk, in the perspective of insurance, is the risk of losing money if there are not enough liquid assets available between the assets backing the policy obligations to meet the cash flow requirements of the policyholder obligations when they are due. When it comes to asset-side liquidity issues, insurers are concerned about capital market liquidity being harmed. When formerly liquid asset classes become illiquid, it can be difficult for insurers to get capital, forcing them to trade the highly liquid assets despite if they would prefer keeping those.

For CICL, the Current ratio and Quick ratio can be used to assess liquidity risk:

Operating Year	2017	2018	2019	2020	2021
Current Ratio	0.37	0.41	1.61	1.73	1.63

Table 16: Current Ration of CICL for the last five years

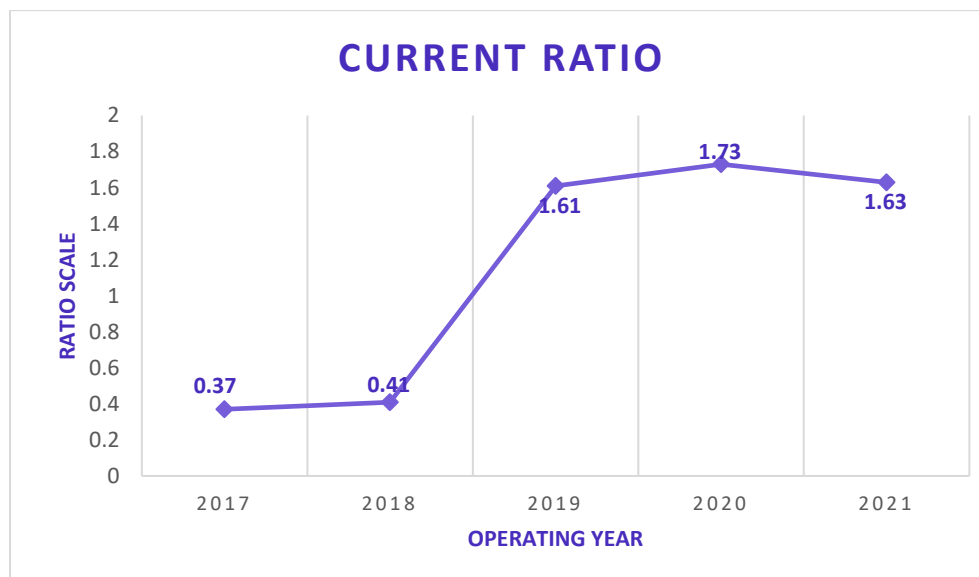
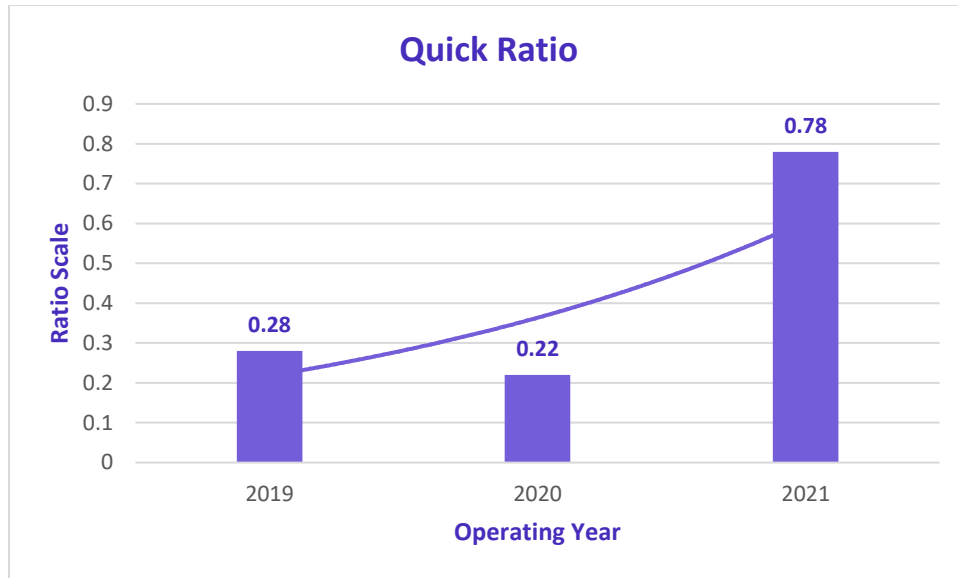


Figure 7: Current Ratio of CICL in the line graph

The current ratio of CICL, over the last five years, is shown in the table in the previous section. The ratios are shown in a line chart to illustrate how they have changed throughout the period. In the most recent year 2021, the company's current ratio is 1.63, indicating that it can easily clear each taka on loan or accounts payable at BDT 1.63. A rating of greater than one indicates that the firm is financially healthy. However, the graph indicates an upward trend until 2020, after which it drops by 0.10 in 2021. That has been the economic impact of the COVID-19 epidemic over the past two years.

Operating Year	2019	2020	2021
Quick Ratio	0.28	0.22	0.78

Table 17: Quick Ratio analysis of CICL



*Figure 8: Quick Ratio analysis in the graph of CICL*

\*N.B.: Due to an unavailability of data, the Quick ratio estimate only includes three operational years.

According to the table, CICL's quick ratio is not in a very strong state. The most recent year, 2021, has a quick ratio of 0.78, which is the company's highest to date. The ratio mostly indicates a company's ability to pay 0.78 times its most liquid assets. The graph depicts a decline in 2020, followed by a substantial increase in 2021.

## 8. Risk Mitigation Methodology

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Risks in the insurance business can never be completely removed, but they may be reduced to a minimum. Therefore, risk management decisions include physical loss prevention measures as well as risk financing methods aimed at reducing risk.

Preventative strategies for physical loss involve:

- ✓ Safety regulations are governed by the Factories Act and the Building Code.
- ✓ Installing of fire-fighting equipment, testing of its operation, and conducting regular fire drills

- ✓ Maintaining a clean and healthy atmosphere for employees as well as the entire workplace.
- ✓ Considerations on partial risk retention with an acceptability limit, as well as distributing or transferring the remainder of the risk.

The following are characteristics of risk financing tools:

## **1.8. Risk Management Mitigation and Transfer**

To reduce the risk connected with its company, an insurer might take a variety of methods. Purchase of reinsurance, securitization of a component of a company's asset or liability portfolio, hedging of financial assurances using derivative instruments, use of product design to transfer risk on to policyholders, and active risk management are some of these measures.

### **2.8. Reinsurance**

The own insurance of an insurance firm is referred to as reinsurance. A reinsurer is a corporation that takes on some of the risks that an insurance company has. Reinsurance is largely used to lower an insurer's underwriting risk and so allow it to expand its company. According to the Insurance Corporation Amendment Act 1990 and the Insurance Act 2010, private non-life insurers in Bangladesh must reinsure 50 percent of its re-insurable liability with Sadharan Bima Corporation. Because reinsurers benefit from superior market diversity than primary insurers, the cost of transferring risk to a reinsurer is lower than the solvency capital cost the insurer would incur if it kept the risk in its portfolios.

Reinsurance is used in the insurance industry for a variety of reasons. They are discussed in details:

#### **♣ Keeping Large Single Losses to A Minimum**

The extent of the free assets accessible to an insurer determines how extensive a policy is. This is particularly true in the liability lines of business, where an excess of loss reinsurance is widespread. Motor insurance is a good illustration of how reinsurance may be used. Liability lawsuits may be exceedingly expensive, costing millions of pounds, euros, dollars, and other



currencies. To assist reduce the impact on free reserves and profitability, insurance firms could choose to limit or cap their exposure to such claims.

#### ♣ **Smoothing of Results**

The notion of reinsurance covering greater risks or the aggregation of lesser risks over specific limitations aids in the steady growth of accounts year after year, particularly while the portfolio is young. The insurer pays a premium to reduce these variations, and the net consequence is increased predictability, which may be more acceptable to shareholders and regulators. Stop-loss reinsurance is a type of reinsurance that is utilized in certain situations.

#### ♣ **Availability of Managerial Experience**

A reinsurance broker is more likely to provide such help than the reinsurer itself. Whenever an insurer adopts a plan that will take it into new risk sectors where it has no prior expertise, for instance, the reinsurance broker may occasionally assist with rating, underwriting, and claim management.

#### ♣ **Expanding Risk-Acceptance Capability**

Because of a shortage of capital, an insurer may be hesitant to take, or unable of absorbing, specific risks by industry or volume. This problem can be avoided with reinsurance coverage. The solvency criteria for a certain line of business are often decreased in proportion to the percentage ceded, however, this may be limited to a maximum bound. A surplus treaty or excess of loss reinsurance might be employed in this case.

#### ♣ **Assistance Regarding Finances**

Reinsurance funds, to a lesser extent than life insurance, are available to aid financially with certain business concepts. In which a redistribution plan would need significantly more cash outflow than premium revenue in the early phases, reinsurance commission may be offered to 'factor' future surplus streams, namely lend here against expected future flows of premiums minus expenditures and claims.

### **3.8. Hedging**

Hedging is a method for reducing exposure to an unfavorable business risk whilst still enabling the company to gain from investment activity. CICL can employ derivatives to lower its portfolio's exposure to the risk of adverse changes in the market price of the underlying assets. For illustration, if the corporation is concerned about a drop in the investment market, it may purchase put options. By guaranteeing the price at which they may sell assets, they can eliminate the danger of market declines. CICL, on the other hand, can still benefit from the consequent gains if the market rises instead. As a result, derivative contracts provide us with more control over the market risks we confront, extending the potential set of conceivable risk and return possibilities.

Risk financing options include judgments about retaining a portion of the risk with an acceptability limit and distributing or transferring the remainder of the risk. As a result, one of the most important risk-mitigation instruments is insurance, which is a means for spreading or transferring the risk of one onto the shoulders of many.

It has two key features, one is the transfer of risk from an individual to a group, and the other is the fair sharing of losses by all members of the group.

### **4.8. Risk-Reporting Discloser**

An effective risk management system for a company necessitates full disclosure of risk reporting, particularly in cases of risk identification, risk control, and risk financing. Disclosure of risk in terms of the date and time of the incident's emergence, as well as the corresponding degree of loss, intrinsic inquiry report to identify the possible cause of such incident, measures taken to control the loss, regular safety compliance, and maintenance records, and so on. - and everything of that should be documented so that proactive loss prevention measures can be prescribed. It is also necessary for an organization to maintain all environmental safety compliance, and the company must not be held liable for any casualty as a result of any default, carelessness, or omission in the building and maintenance of their office premises.

Crystal Insurance Company Limited, through its competent employees, consistently demonstrates attentiveness to their clients. The sharing of risk reporting information aids in the accurate

identification of physical risks based on risk criteria. It also gives analysis on risk-control methods and, last but not least, the decision on the degree of risk financing.

## **9. Summary and Conclusion**

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Throughout the last decade, the insurance sector has become more sophisticated in its understanding and management of risk. Modelers, rating agencies, reinsurers, and capital markets all prioritized quantifying risk and managing exposures to acceptable levels. Recently, industry leaders have begun to embrace a more comprehensive approach to risk, capital, and return. The operational efficiency of a company is determined by a variety of financial measures. CICL has performed admirably in the majority of its segments. In any of the financial indices, they are not in a substandard state. However, CICL can enhance their return on assets and return on investment, as well as the integrity of their stock. This would facilitate CICL in rising to a higher position in comparison to other non-life insurance businesses in Bangladesh. Although the firm is new to the stock market, it is performing well. The correlation, beta, and market risk calculations reveal that CICL's stock is moderately risky, which is appropriate for a freshly issued IPO. They are also efficient when it comes to settling claims. Therefore, CICL's operational efficiency is considerably ahead of some financial measures improving.

## **10. Recommendations**

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- ♣ CICL should concentrate on improving the quality of stock in the stock market and making information more accessible to the general public.
- ♣ CICL should also focus on return on the asset because, in comparison to other insurance companies in the sector, they are not adequately utilizing their assets.

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### **1.11. Important Websites:**

1. <https://www.ciclbd.com/>
2. <https://insurancenews.com.bd/>
3. <http://www.idra.org.bd/>
4. [https://dsebd.org/dseX\\_share.php](https://dsebd.org/dseX_share.php)
5. <https://www.amarstock.com/>

## 12. Appendix

CICL's Clients		
Walton Group	Akiz Group	Bondar Steel Mills Ltd.
Mahin Group	Al-Amin Group	Allied Motors Limited
Meghna Group	Shine Pukur Jute Mills Ltd.	British American Tobacco Bangladesh
Beximco Group	Swan Group	Ziska Pharmaceuticals Limited.
Ispahani Group	Sadat Jute Mills Ltd.	Eastern Overseas Shipping Limited
Youth Group	Janata Jute Mills Ltd.	Rural Power Company Ltd.
Basundhara Group	Base Textile Mills Ltd.	Apex Weaving & Finishing Mills Ltd
PHP Group	Asian Textiles Mills Ltd.	Padma Polycotton Knit Fabrics Ltd.
Ovisar Group	Wingson Textile	Malek Spinning Mills
Newtex Group	Tuha Textiles	Atlas Bangladesh Limited
Runner Group	Elite Steel Mills	Tallu Spinning Mills Ltd
Arkay Group	Morsalin Steel Mills	Reliance Tannery
Aziz & Company Ltd.	Naheed Cotton Mills Limited	Liton Fabrics Ltd.
Confidence Cement Ltd.	Anik Telecom	B.S.R.M
Sam-Ree Dying (BD) Ltd.	Flora Limited	CMPL (Nokia)
Zanani Knit Ltd.	Flora Telecom Limited	Four Wings
Bangla Link	Dada Group	Tiffany's
Northern Corporation Ltd.	Fair Trade	Shetu Pesticide
LSI Industries Limited	Union Tea	Conception Sea Food

Table 18: Major clients' list of CICL



Figure 9: Membership certificate of BAPLC

## Crystal Insurance Company Limited

### Balance Sheet (Statement of Financial Position)

As at December 31, 2020

Particulars	Notes	Amount in Taka 2020	Amount in Taka 2019
<b>Shareholders' Equity &amp; Liabilities</b>			
<b>Shareholders' Equity</b>			
<b>Authorized Capital</b>			
100,000,000 Ordinary shares of Tk.10 each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid up Capital</b>			
40,000,000 Ordinary share of Tk. 10 each fully paid up	3.00	400,000,000	240,000,000
		400,000,000	240,000,000
<b>Reserve or Contingency Accounts</b>			
Reserve for Exceptional Losses	4.00	439,067,725	346,175,394
	4.01	389,657,131	329,814,783
Profit & Loss Appropriation Account	4.04	40,192,997	24,613,792
Investment Fluctuation Fund	4.02	2,217,596	(14,753,181)
General Reserve	4.03	7,000,000	6,500,000
<b>Total Shareholders Equity</b>		<b>839,067,725</b>	<b>586,175,394</b>
<b>Liabilities and Provisions</b>			
<b>Balance of fund and accounts</b>			
Fire Insurance Revenue Account	5.00	156,670,923	157,910,934
Marine Cargo Insurance Revenue Account		53,744,794	63,295,852
Marine Hull Insurance Revenue Account		72,929,285	73,405,808
Motor Insurance Revenue Account		2,376,533	2,589,156
Misc. Insurance Revenue Account		21,050,972	15,094,398
		6,569,339	3,525,720
<b>Liabilities</b>		<b>458,565,144</b>	<b>311,799,579</b>
Lease Liabilities	6.00	8,156,627	-
Deposit Premium	7.00	161,551,907	69,592,387
Deferred Tax Liability	8.00	6,179,712	6,045,424
Estimated liability in respect of Outstanding claims whether due or intimated	9.00	33,815,591	32,119,989
Amounts due to other persons or bodies carrying on insurance business	10.00	144,884,814	132,810,042
Sundry Creditors	11.00	96,837,642	66,194,728
Provision for WPPF	12.00	7,138,852	5,037,009
<b>Total Liabilities and Provisions</b>		<b>615,236,067</b>	<b>469,710,513</b>
<b>Total Shareholders' Equity &amp; Liabilities</b>		<b>1,454,303,792</b>	<b>1,055,885,907</b>

*Figure 10: Financial statement of 2019 & 2020*

**Crystal Insurance Company Limited**  
**Balance Sheet (Statement of Financial Position)**

As at December 31, 2020

Particulars	Notes	Amount in Taka 2020	Amount in Taka 2019
<b>Properties and Assets</b>		<b>660,332,546</b>	<b>553,768,372</b>
Investments	13.00	140,444,201	70,087,619
Investment Property	14.00	35,259,888	37,414,897
Property, Plant and Equipment	15.00	308,029,273	298,748,116
Advance against land and office space	16.00	12,000,000	12,000,000
RoU Assets	17.00	15,777,566	-
Insurance Stamps	18.00	1,466,555	1,259,956
Interest accrued but not due	19.00	15,833,363	17,360,798
Deferred Expenses	20.00	2,029,317	-
Amount due from other persons or bodies carrying on insurance businesses	21.00	101,889,453	86,878,082
Sundry Debtors (including advances, deposits and prepayments)	22.00	27,602,930	30,018,904
		<b>793,971,246</b>	<b>502,117,535</b>
<b>Cash and Cash Equivalents</b>			
Cash in hand	23.00	176,143	231,729
Cash in BO A/c	23.00	2,200,955	455,543
Cash at Banks-STD Accounts	23.00	184,357,221	29,612,902
Cash at Banks on CD accounts	23.00	2,841,627	1,267,361
Fixed Deposit Receipts (FDR) with Banks and NBFIs	24.00	604,395,300	470,550,000
<b>Total Assets</b>		<b>1,454,303,792</b>	<b>1,055,885,907</b>
<b>Net Asset Value (NAV) Per Share</b>	<b>36.00</b>	<b>20.98</b>	<b>24.42</b>

The accompanying notes form an integral part of these financial statements.

*Figure 11: Financial Statement of 2019 & 2020*

<b>Declaration Date</b>	<b>14.09.2020</b>
<b>Long Term Entity Rating</b>	<b>AA- (Double A Minus)</b>
<b>Short Term Entity Rating</b>	<b>ST-2</b>
<b>Outlook</b>	<b>Developing</b>
<b>Expiry Date</b>	<b>13.09.2021</b>

*Table 19: Credit rating of CICL*



Category of Shareholders	31-Dec-20		31-Dec-19	
	No. of Shares	%	No. of Shares	%
Directors/Sponsors	24,000,000	60.00%	24,000,000	100%
Financial and Other Institutions	6,420,372	16.05%	-	
Foreign	65,500	0.16%	-	
General Public	9,514,128	23.79%	-	
<b>Total</b>	<b>40,000,000</b>	<b>100.00%</b>	<b>24,000,000</b>	<b>100%</b>

Table 20: Category of shareholders

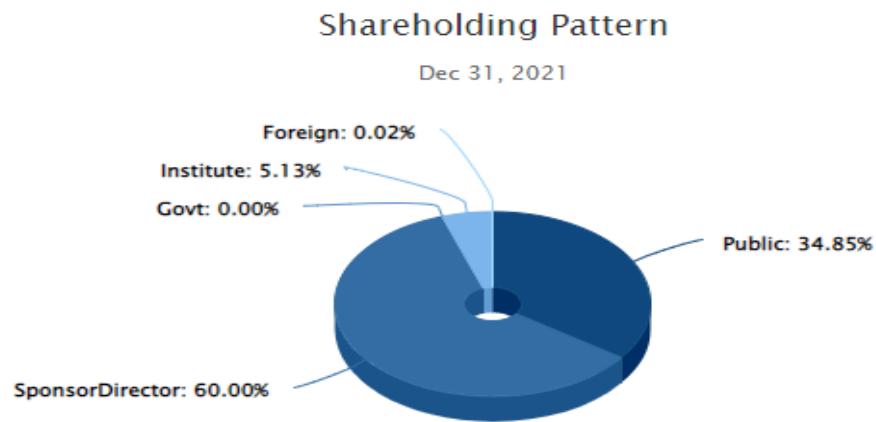


Figure 12: Category of shareholders in Pie chart

Particulars	Number of Share	Value Per Share (Taka)	Total Value (Taka in Million)
Market Value	40,000,000	39.40	1,576
Book Value	40,000,000	21.07	843

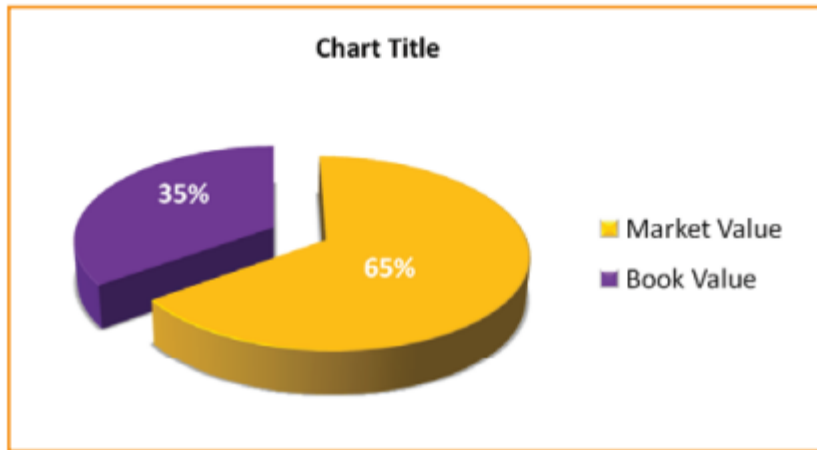


Figure 13: Market value-added statement of CICL



Figure 14: DSE index of CICL



Figure 15: CICL's branches in the map of Bangladesh

*The End*