

Internship Report

On

**“Performance and Financial Analysis of  
Fareast Islami Life Insurance Company Limited”**

Prepared for

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## *LETTER OF TRANSMITTAL*

September 01, 2014

S.M Arifuzzaman,

Asst. Professor,

BRAC Business School,

BRAC University

Mohakhali, Dhaka.

Dear Sir:

Subject: **Submission of Internship Report.**

With due respect and humble to inform you that it is my pleasure to submit this report on “Performance and Financial Analysis of Fareast Islami Life Insurance Company Limited” as a partial MBA course requirement.

As you will see, this report is based on Performance and Financial Analysis of Fareast Islami Life Insurance Company and comparative analysis with its competitors and industry. The report provides a clear view of Islami Life Insurance Company and its financial performance. It provides a scope to us to acquire practical knowledge on how an insurer operates its investment procedures from premium incomes.

As your valuable suggestions and guidance, I have tried my best to prepare the report properly. There may be some shortcomings. I would be grateful if you consider those as excusable points and I like to thank you for your kind cooperation. Despite the limitations, I sincerely believe that you will find this report very significant and informative.

Therefore, I pray and hope that you would be kind enough to accept my report for evaluation and oblige thereby.

Sincerely yours,

Md. Mamunur Rashid Mamun Student ID: 12164084

MBA (Major in Finance), BRACU

## *ACKNOWLEDGEMENT*

The outcome of any particular research depends on the contribution of a number of people, especially those who take time to share their thoughtful guidance, ideas and suggestions to make the research a successful one. This research is not an exception from the mentioned criteria. A number of people have made significant contribution in preparing this report. Their insights, advise and suggestions helped me a lot.

At first, I would like to express my deepest sense of gratitude; all sorts of praises to the “Almighty Allah”, whose blessing have enabled me to complete this report.

It is my proud privilege to acknowledge the sincere and deepest sense of gratitude to my internship supervisor **S.M Arifuzzaman** (Asst. Professor of BRAC Business School) for continuously guiding me about the development and preparation of the paper. He has enriched me with necessary ideas and concept for incessant improvement of the report.

I would like to thanks Fareast Islami Life Insurance Company Limited (FILICL) for having such a wonderful and unique organizational structure through which I get the chances to learn and experience the particular applications of Islamic Life Insurance. I would like to specially thank Mr. Md. Abdul Khaleque FCA (Addl. MD and Chief Finance Officer of FILICL) who had been my external supervisor for internship. He has provided me with all necessary facilities to carry out my tasks in a familiar environment. He has continuously guided me to organize the report.

My sincere thanks to Mr. Abdur Razzaque, Joint Vice President (In-charge Banking & Investment Department), Mr. Md. Saiful Islam (In-charge HR Department), and Mr. Mr. Ruhul Amin Khan, Vice President (Finance & Account Department of FILICL) provide me all the access and working environment as well as provide all necessary information for research work.

Last but not the least, I would like to thank **Mr. Md. Farid Uddin**, Assistant Vice President of Finance & Accounts Department, FILICL who in all steps was with me and guided to the end in every possible doubt with every possible means. He was the supervisor of all necessary coordination and preparation for doing the research. It would be an impossible task for without the help of him to complete this report into a presentable one.

## EXECUTIVE SUMMARY

This research paper is a part of the internship program at Fareast Islami Life Insurance Company Limited (FILICL) for fulfilling MBA degree requirement. The research topic for the internship is “Performance and Financial Analysis of Fareast Islami Life Insurance Company Limited”. This topic was assigned by S.M Arifuzzaman (Asst. Professor of BRAC Business School), of the internship internal supervisor of the BRAC University. Fareast Islami Life Insurance Company emerged as the 1st full-fledged Islami Life Insurance Company in Bangladesh in 2000. FILICL had taken a unique approach in doing business with focus on quality customer service and business growth with decentralization of operational activities through different service centers of the country. With that in view, the company have already opened 997 Offices including 10 Divisional Offices, 50 full-fledged Service Centers, 107 Zonal Offices and 10 Regional Offices in different places all over the country. It is committed to its Policyholders to settle the claims within the time frame. It has achieved rating A+ in the year 2011 by Credit Rating Information and Services Limited (CRISL), and Rating Agency Malaysia Barhad (RAM). The present study aims to examine the risk and profitability of Fareast Islami Life Insurance Company Limited (FILICL) by properly establishing relationships between the items of the balance sheet and profit and loss account. There are 18 life insurance companies in Bangladesh. But the study has covered ten life insurance companies listed on Dhaka Stock Exchange (DSE). The study has been undertaken for the period of five years from 2008 to 2012 and the necessary data have been obtained from sample companies annual reports. The study has analyzed and interpreted the collected data with the help of different financial ratios and various statistical measures i.e., arithmetic mean (AM), standard deviation (SD), coefficient of variation (CV). For analyzing the profitability and risk of FILICL, the study has used return on assets ratio (ROA), return on equity ratio (ROE), return on capital employed ratio (ROCE), profit margin ratio (PM) as indicators for appreciating the profitability and liquidity ratio (LR), solvency ratio (SR), financial operating ratio (OR) as indicators for appreciating the risk. The study has comparatively analyzed FILICL’s ratios with its competitors (PILICL), and Industry Average as used as benchmark. Finally, the conclusions and recommendations are drawn based on the study findings that though FILICL is financially sound during the study period, they should consistently generate policyholders’ surplus to remain viable in the long run.



## 1.1 Origin of the Report

As part of the Internship Program of Masters of Business Administration (MBA) course requirement, I was assigned for doing my internship in Fareast Islami Life Insurance Company Limited (FILICL). I was placed as an intern in Finance and Accounts department of FILICL (Head Office) under the supervision of Mr. Md. Abdul Khaleque FCA (Addl. MD and Chief Finance Officer of FILICL). The research topic for the internship is **“Performance and Financial Analysis of Fareast Islami Life Insurance Company Limited”**, which was approved proposal by the faculty supervisor S.M Arifuzzaman (Asst. Professor of BRAC Business School) and accepted by the host organization as par necessity to fulfill the internship requirement. The report is submitted on September 01, 2014.

## 1.2 Background of the Report

Insurance is a contract (policy) according to which one party (a policy holder) pays an amount of money (premium<sup>1</sup>) to another party (insurer) in return for an obligation to compensate some possible losses of the policy holder. The aim of such a contract is to provide a policy holder with some protection against certain risks. Death, sickness, disability, motor vehicle accident, loss of property, etc. are some typical examples of such risks. Each policy contract specifies the policy term and the method of compensation. Any event specified in the policy contract that takes place during its term can result in such an insurance claim.

Insurance is an old form of financial practice of sharing risk, which was introduced in mid-18th century. There are various types of insurance policies (such as life insurance, car insurance, health insurance, business insurance, marine insurance, and so on ) introduced in the world. But Life insurance is very well-known policy in insurance business and it is a valuable asset to mitigate the financial risk of untimely death. As a crucial component of the financial system, life insurance policy is an important source of savings and long-term institutional investments essential for the development and growth of the financial markets. The main uses of life insurance company funds are as investment in government securities, corporate securities, mortgages, and real estate. Insurance companies are exposed to different risk categories, including financial risks (such as leverage risks, credit risk, liquidity risk, and interest rate risk), environmental

risks, management risks, delivery risks, etc which are incurred in delivering a product or service.

### 1.3 Problem Statement

The issues of profitability<sup>2</sup> have always been a concern, both among researchers and practitioners. Companies can set different goals, but profitability remains a key element, required to ensure market survival. The profitability analysis should be made in the context of risk<sup>3</sup>. Between these two variables must be a very strong direct relationship. A high level of risk must lead higher return otherwise the entrepreneurs wouldn't invest any more in that business. So, this study has attempt to analysis any discrepancies between risk and profitability of Fareast Islami Life Insurance Company.

### 1.4 Objectives of the Study

To develop the research objectives, I have considered the followings:

**1.4.1 Broad Objective:** To analysis the risk and profitability of Fareast Islami Life Insurance Company Limited.

**1.4.2 Specific Objectives:** The specific objectives of the study are as follows:

- 1) To find out the liquidity risk of life insurance companies in Bangladesh.
- 2) To find out the solvency risk of life insurance companies in Bangladesh.
- 3) To find out the operational risk of life insurance companies in Bangladesh.
- 4) To find out the profitability of life insurance companies in Bangladesh.
- 5) To find out the limitations of Fareast Islami Life Insurance Company in terms of its financial performance, if any and to suggest some measures for the problem encountered.

### 1.5 Rationale of the Study

The Insurance business is one of the most important commercial sectors in Bangladesh that fosters financial stability by enabling economic agents to undertake various transactions with the facility of transfer and dispersion of risks. So, Knowledge of insurance is as much essential as trading business for the society. But students of BRACU have never got any chance to acquire knowledge on Insurance business. Because none of research work has previously done by any BRACU student on Insurance Sector of Bangladesh and there is no article in BUP Library related to

insurance business. Therefore, this study was a great experience for me to work in the insurance sector of Bangladesh and it will enrich the resources of BRACU Library, which will be used as reference for future research. The other beneficiaries of this research are as follows:

- i) Management of Fareast Islami Life Insurance Company
- ii) Insurance Development & Regulatory Authority, Bangladesh (IDRA)

## 1.6 Scope of the Study

This study is conducted on life insurance sector of Bangladesh. This report gives an overview of FILICL including its products, services, operating activities, and its business environment. The scope of this study is to analysis the risk and profitability of Fareast Islami Life Insurance Company, which also has compared with its competitors using data of last five years (2008 to 2012). The scope of the study is confined within the Dhaka Stock Exchange (DSE) listed life insurance companies.

## 1.7 Limitations of the Study

During internship period, one cannot have adequate working experience and cannot have time to carry out the subject study in detail. Having the scope of working only in the head office or branch office, one cannot have enough exposure to the various activities of a large organization like Fareast Islami Life Insurance Company. Moreover, the subject matter of the report covers the entire life insurance industry of Bangladesh. So it was difficult for me to collect primary data from the entire life insurance industry of Bangladesh during internship period. But I have tried my level best to find out the opportunity of work for overcoming the limitation. The research also had following limitations:

- Due to shortage of time and official compulsion it was not possible to collect secondary data from the entire life insurance industry of Bangladesh. As such help has been taken from sample companies' annual reports.
- Another limitation of this study is the company's policy of not disclosing some data and information for obvious reasons, which could be very much useful.

## 1.8 Report Preview

For better layout of the entire presentation the report is arranged in the following parts:

Part I – Development of the Research

- Up to Methodology of the Study

Part II – Organizational Part (about FILICL)

Part III – Analysis of External and Internal Environment (about FILICL)

Part IV – Financial Data Analysis and Interpretation

- Risk Analysis
- Profitability Analysis

Part V – Findings, Conclusion and Recommendations

Part VI – Appended Part

## 1.9 Literature Review

The focused literature is particularly concerned with the profitability and risk issues of life sector in Bangladesh. This will simulate the reader as well as the researcher for getting a deeper understanding of the sector and its financial performance. Literature review will help emphasize the reason why this study is important and relevant to the current scenario. Literature review involves extensive reading and helps the researcher to get a closer look at various insurers are performing. This section is further divided into following sections:

**1.9.1 Conceptual Review:** The principal function of insurance as an economic institution is the equitable distribution of the financial losses of the few over the many. In insurance, each policy holder contributes an amount in insurance with the risk he introduced to a fund, established and administered by the insurer and out of the fund; the losses are paid to the insured members. The main function of an insurance organization then becomes the management of the fund and the assessment of the equitable contributions to be made by the policyholders.

Life assurance contracts available are many and the basis of all these policies can be found under the following headings:

*Term Insurance:* This is the simplest and oldest form of assurance and provides for payment of the sum assured on death, provided death occurs within a specified

term. This is a very cheap form of cover and suitable, for a young married man who wants to provide a reasonable sum for his wife in the event of his death.

*Whole Life Insurance:* The chosen sum assured is payable on the death of the assured whenever it occurs. Premiums are payable throughout the life of the assured or until retirement of the assured. Although premiums may cease at, say, age sixty the policy is still in force and should the person die at age seventy-five the policy would provide the benefits for his widow or family.

*Endowment Insurance:* The chosen sum assured is payable at the end of a given term of years or on earlier death. These contracts are taken out as savings plans for the future with the added attraction of life cover being included.

*Annuities:* When a person has a reasonably large sum of money and wants to provide an income for himself after he retires or at some other time he can approach a life assurance company and purchase an annuity. The annuity may start at once, when it is called an immediate annuity, or may start at some date in the future (a deferred annuity).

*Pension Schemes:* These schemes are designed to provide an income at retirement. So far as insurers are concerned they may be asked to arrange a scheme, rather than a firm doing all the work itself. This involves collecting the premiums, investing them and paying pensions to retired work people.

***Premiums:*** Premiums are a regular periodic payment for an insurance policy, also called insurance premium. Different types of policies require different premiums based on the degree of risk that the situation presents.

***Claims:*** An insurance claim is the actual application for benefits provided by an insurance company. The most common issue in insurance disputes is whether the insurer is obligated to pay a claim. The determination of the insurer's obligation depends on many factors, such as the circumstances surrounding the loss and the precise coverage of the insurance policy.

#### ***Insurers Business Model:***

Profit = earned premium + investment income - incurred loss - underwriting expenses

**Reinsurance:** It is insurance that is purchased by an insurance company (insurer also sometimes called a "cedant" or "cedent") from another insurance company (reinsurer) as a means of risk management.

**Life Fund:** Life fund in a life insurance company represents the accumulated balance at any time of surplus in income over all expenses including claims outgo and often all adjustments have been made.

**1.9.2 Empirical Review:** This section reviews existing empirical research regarding the profitability of an insurer. The aim of this literature review is to give a comprehensive overview of important findings of other studies and to provide understanding of potential contradictions and shortcomings of current literature.

D. F. Babbel and J. Lamm (1987) stated that liquidity is not as big a concern with many insurance firms as it is in other financial institutions for one good reason: most of their policies are less liquid than their assets. If liquid resources are not already available to meet a financial commitment as it claims due, liquid funds will need to be borrowed and/or illiquid assets sold in order to meet the commitment. Losses would arise from the interest on borrowings and from any discount that would need to be offered to realize assets. In the worst case scenario, a life insurer may not be able to meet its commitments.

Pradeep Kansal (1997) stated that a life insurer need to minimum solvency that is related to the policy reserve. He denotes solvency margin as the capital base, defined as the surplus of assets over liabilities. It is often called shareholders' funds.

Zulkornain, Radam, Ismail and Rubayah Yakob (2011) stated that Insurers have to preserve the solvency environment in ensuring their obligations to policyholder. The insurers also must have the proper framework to balance the risk return trade-off, as well as sound and prudent asset liability matching.

Wright (1992) stated that life insurance companies used unique accounting system due to which profitability of the industry has always been difficult to measure as compared to other financial institutions. Profitability is affected by factors including the scale of policy holder's dividend, capital gain or losses and federal/state taxes for insurer.

Al-Shammari and Salimi (1998) stated that profitability ratio especially Return on Equity (ROE) signals the earning capability of the organization. They also suggest that higher return on Equity (ROE) ratio is appreciable and it is the primary indicator of banks profitability and functional efficiency.

Hye & Rahman (1997) conducted a research to assess the performance of the selected private sector general insurance companies in Bangladesh. The study found that the insurance companies were keeping their surplus funds in the form of fixed deposits with different commercial banks due to absence of suitable avenues for investment. These studies attest that the ratio analysis is the good method to evaluate firm performance.

## 1.10 Methodology of the Study

The methodology of the study has been discussed in the following sub-heads:

**1.10.1 Type of Study:** This study was a descriptive research where I have been analyzed mainly secondary data to find out the situation of risk and profitability of a life insurance company.

**1.10.2 Sources of Data:** All the data has gathered for report writing during the course on internship. Information collected to furnish this report is mainly from secondary in nature. Primary information from the organization was gathered through informal discussion.

### 1.10. 2.1 Primary Sources:

- i) Face to face conversation with the respective officers and stuffs of Fareast Islami Life Insurance Company.
- ii) Practical work experience in different departments of Fareast Islami Life Insurance Company.

### 1.10.2.2 Secondary Sources:

- i) Annual reports of different life insurance company in Bangladesh.
- ii) Website of different life insurance Companies.
- iii) Different internal manual of Fareast Islami Life Insurance Company Ltd.
- iv) DSE and SEC Library

### 1.10.3 Sampling Plan:

**1.10.3.1 Target Population:** The target population for this study is the different life insurance companies in Bangladesh.

**1.10.3.2 Sample Frame:** There are 18 (eighteen) life insurance companies in Bangladesh, which are divided in two groups: ‘Islami Life Insurance Company’ and ‘Non-Islami Life Insurance Company’. The lists of life insurance companies based on group are stated in table-1 and table-2.

<i>SL. No.</i>	<i>Name of Life Insurance Company</i>
1.	Jiban Bima Corporation
2.	American Life Insurance Company
3.	Baira Life Insurance Company Ltd.
4.	Delta Life Insurance Company Ltd.
5.	Golden Life Insurance Ltd.
6.	Homeland Life Insurance Company Ltd.
7.	Meghna Life Insurance Company Ltd.
8.	National Life Insurance Company Ltd.
9.	Popular Life Insurance Company Ltd
10.	Pragati Life Insurance Ltd.
11.	Progressive Life Insurance Company Ltd.
12.	Rupali Life Insurance Company Ltd.
13.	Sandhani Life Insurance Company Ltd.
14.	Sunflower Life Insurance Company Ltd.
15.	Sun Life Insurance Company Ltd.

<i>SL. No.</i>	<i>Name of Life Insurance Company</i>
1.	Farest Islami Life Insurance Co. Ltd. (FILICL)
2.	Prime Islami Life Insurance Company Ltd. (PILICL)
3.	Padma Islami Life Insurance Company



**1.10.3.3 Sampling Method:** The non-probability-sampling has used primarily for available appropriate sampling frame.

**1.10.3.4 Sample Size:** There are 18 life insurance companies in Bangladesh among them 10 life insurance companies are listed in the Dhaka Stock Exchanges (DSE). As the time limitation for this research, I have only selected those companies which are listed in DSE. Hence, my desired sample size was 10 for data collection. The following companies are listed in DSE:

<i>SL. No.</i>	<i>Name of the Life Insurance Company</i>
1.	Delta Life Insurance Company Ltd.
2.	Meghna Life Insurance Company Ltd.
3.	National Life Insurance Company Ltd.
4.	Popular Life Insurance Company Ltd
5.	Pragati Life Insurance Ltd.
6.	Progressive Life Insurance Company Ltd.
7.	Rupali Life Insurance Company Ltd.
8.	Sandhani Life Insurance Company Ltd.
9.	Farest Islami Life Insurance Co. Ltd. (FILICL)
10	Prime Islami Life Insurance Company Ltd. (PILICL)

**1.10.4 Data Analysis and Interpretation:** The collected data have been tabulated, analyzed and interpreted with the help of different financial ratios. Various statistical measures have been used i.e., arithmetic mean (AM), standard deviation (SD), coefficient of variation (CV), level of significance, confidence interval.

### 3.1 The Marketing Environment

No one business is large or powerful enough to create major change in the external environment. These factors are generally uncontrollable, thus market managers are basically adapters rather than agents of change. So it is vital for FILIC to take these factors into consideration in every step of their decision-making process and day-to-day activities.

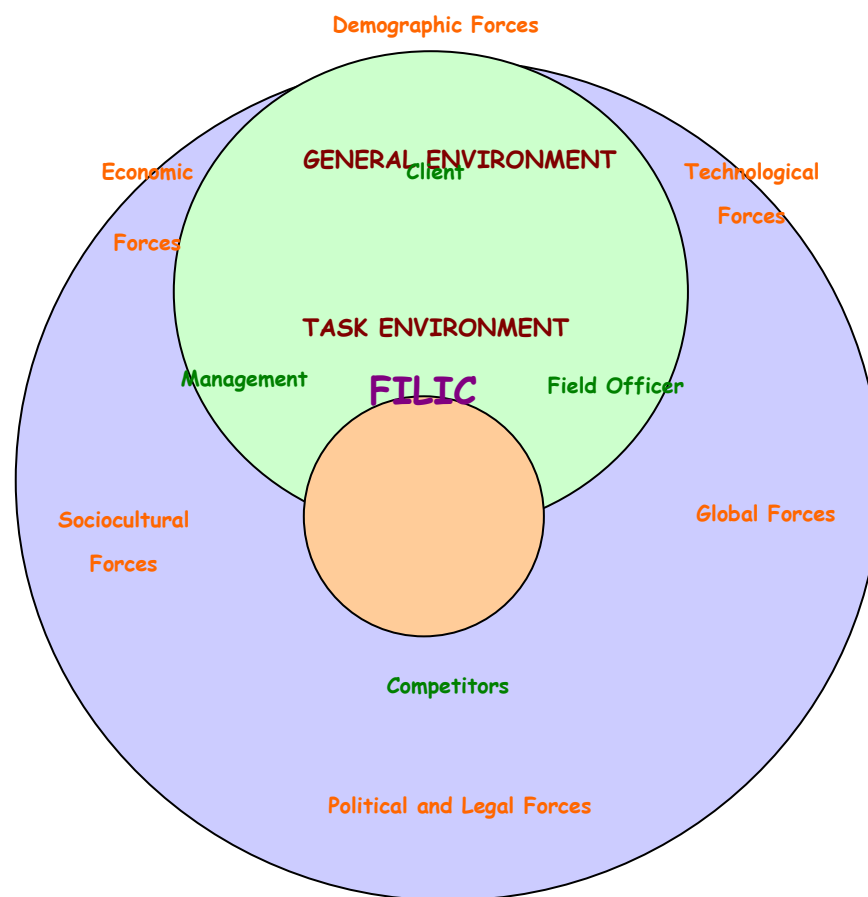


Figure-5: Marketing Environment of FILIC

### 3.1.1 Marketing Strategies:

“A well-organized, precise and appropriate plan is sometimes very successful in transforming a business into a very established and profitable one.”

Planning is very crucial for an organization as it gives them direction of where they are headed for. It reduces uncertainty by forcing marketers to look ahead, by anticipating changes and by considering the impact of change and by developing appropriate responses. Furthermore, planning minimizes wastage, and can set standards in controlling.

FILIC is managed by developing the plans –

#### Plans:

- **To become one of the market leaders in the Insurance industry.**
- **To gain goodwill.**
- **To expand its business domestically and internationally.**
- **To ensure long-term existence by being profitable, successful and sustainable.**
- **To make a worthwhile contribution to progress of the nation.**

## 3.2 About SWOT



Figure-6: SWOT Analysis of FILIC

### 3.2.1 Strength :

- Strong corporate Management
- Maintain strong network through the country.
- FILIC has strength to attract actual and potential Customer's to sustain in the challenging and competitive market.
- Enough financial strength or own financial capability of the company
- Members/customers identify as our strengths
- High qualified and experience employee that can bring the FILIC in the higher position.

### 3.2.2 Weakness:

- Centralized decision making.
- Conflict in about power of authority among directors.
- Poor co-ordination and communication among different departments.
- Marketing Officer are not educated enough about Insurance law.
- Inefficient and ineffective employee for some positions.

### 3.2.3 Opportunities:

- Home country constraints are becoming flexible as because of govt. are now very much aware to this sector advantages and disadvantages.
- Target market is increasing at a higher rate on competitor's products
- Rapid growth of business function and chancing the current market.
- Might attract a specific target market which they have initially targeted for – the rural market.
- FAREAST brand can attract a group of customers.

### 3.2.4 Threats:

- The market is very competitive
- Commission offered by competitors is some cases low
- Employee dissatisfactions for the current position in the company.
- Political environment of the country.
- Inflation and slow growth of the economy
- Economic conditions affecting our financial viability

- Foreign company are entering the market frequently at a faster rate which is a reason for increasing competition.

### 3.3 Business Analysis of FILICL

Dividend issued 2012, 40% stock ie 45% bonus shares against every 100 shares.

Life fund at the end of the year 2012 Taka 13,529.51 million.

**Table-4: Five Years Business Summary of FILICL**

<b>Business Performance</b>		<b>(Taka in Million)</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	
First Year Premium	2771.90	3409.73	1210.92	952.30	788.04	
Renewal Premium	3741.83	2901.42	1988.64	1436.13	940.86	
Group Insurance Premium	0.63	0.27	0.28	0.27	-	
<b>Gross Premium</b>	<b>6514.56</b>	<b>6311.42</b>	<b>3198.84</b>	<b>2388.99</b>	<b>1729.90</b>	
<b>Investment Income</b>	<b>1131.33</b>	<b>662.63</b>	<b>430.44</b>	<b>300.26</b>	<b>151.80</b>	
<b>Claims</b>	<b>6623.80</b>	<b>649.50</b>	<b>425.22</b>	<b>252.84</b>	<b>227.74</b>	
Management Expenses :						
a) Commission	1722.23	2214.71	827.31	597.62	521.70	
b) Admin. Expenses	804.43	559.14	355.32	228.64	166.40	
<b>Assets</b>	<b>14612.80</b>	<b>10116.20</b>	<b>6451.23</b>	<b>4316.50</b>	<b>2729.80</b>	
<b>Life Fund</b>	<b>13,529.51</b>	<b>9,282.16</b>	<b>5,899.32</b>	<b>3,974.85</b>	<b>2,374.75</b>	
<b>Claims to Premium (%)</b>	<b>10.17</b>	<b>10.29</b>	<b>13.30</b>	<b>10.55</b>	<b>13.17</b>	
<b>Mgt. Expense to Premium (%)</b>	<b>38.79</b>	<b>43.93</b>	<b>36.98</b>	<b>34.52</b>	<b>39.74</b>	
<b>Dividend of face value</b>						

of share					
a) Cash	-		5%-		30%
b) Stock	40%	45%	40%	40%	10%

Table-5: Business Growth Rate of FILICL

**Business Growth Rate of FILIC**

	2012	2011	2010	2009	2008
Assets (%)	44.44	57	49	58	60
Life Fund (%)	45.76	57	48	67	64
Premium (%)	3.20	97	34	38	55

### 3.4 Last Five Years Business Performance of Fareast Life and Our Competitor's –

Table-6: Five Years Life Fund Summary of FILICL and their Competitor's

Life Fund (in Million)					
	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	1,041.44	1,206.07	1,347.01	1,619.00	2,034.95
Meghna Life Insurance Company Ltd.	2,013.37	2,942.33	4,159.10	5,505.72	7,439.45
National Life Insurance Company Ltd.	7135.01	9082.08	11404.49	12712.61	13262.63

Popular Life Insurance Company Ltd	675.62	848.12	1388.24	1765.85	2475.66
Pragati Life Insurance Ltd.	536.14	794.66	1058.86	1,511.23	1948.93
Progressive Life Insurance Company Ltd.	855.42	972.56	1250.12	1410.74	2004.05
Rupali Life Insurance Company Ltd.	466.37	670.80	743.43	1,436.37	2,037.08
Sandhani Life Insurance Company Ltd.	1657.26	2561.33	3671.18	3997.13	4763.69
Prime Islami Life Insurance Company Ltd.	438.6	848.1	1388.2	2258.17	3378.88
Farest Islami Life Insurance Co. Ltd.	2,374.75	3,974.85	5,899.32	9,282.16	13,529.51
<b>Industry Average</b>	<b>1,719.40</b>	<b>2,390.09</b>	<b>3,231.00</b>	<b>4,149.90</b>	<b>5,287.48</b>

**Table-7: Five Years Investment and others income Summary of FILICL and Competitor's**

<b>Investment and Others Income (in Million)</b>					
	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	89.66	112.00	117.99	180.99	298.95
Meghna Life Insurance Company Ltd.	105.00	215.35	286.98	559.56	940.50
National Life Insurance Company Ltd.	564.42	830.89	872.45	1,045.85	1,368.74
Popular Life Insurance Company Ltd	68.96	77.51	141.38	262.35	370.52
Pragati Life Insurance Ltd.	36.21	114.38	154.74	160.61	377.83
Progressive Life Insurance Company Ltd.	78.77	90.25	95.93	105.33	119.68
Rupali Life Insurance Company Ltd.	24.99	33.63	36.24	53.12	81.05
Sandhani Life Insurance Company Ltd.	109.38	196.95	207.85	360.35	409.38
Prime Islami Life Insurance Company Ltd.	133.34	170.25	241.97	253.69	356.53
Farest Islami Life Insurance Co. Ltd.	150.80	300.24	430.44	661.64	1,324.52
Industry Average	136.15	214.15	258.60	364.35	564.77

**Table-8: Five Years Net Premium Income Summary of FILICL and Competitor's**

<b>Net Premium Income (in Million)</b>
--

	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	303.44	341.19	383.50	440.85	499.12
Meghna Life Insurance Company Ltd.	1,484.51	1,842.76	2,312.70	2,679.40	3,378.89
National Life Insurance Company Ltd.	2,160.80	2,537.84	2,968.51	3,562.25	5,542.12
Popular Life Insurance Company Ltd	697.86	815.33	1,010.21	1,330.33	2,358.64
Pragati Life Insurance Ltd.	558.83	568.36	736.47	1,105.30	1,795.28
Progressive Life Insurance Company Ltd.	752.41	867.95	913.14	1,080.28	1,303.93
Rupali Life Insurance Company Ltd.	860.24	671.31	1,187.86	1,517.44	1,791.83
Sandhani Life Insurance Company Ltd.	1,351.90	1,714.13	1,903.97	2,561.23	3,728.25
Prime Islami Life Insurance Company Ltd.	563.70	816.40	1,011.30	1,417.99	1,746.69
Farest Islami Life Insurance Co. Ltd.	1,727.88	2,386.99	3,194.55	6,307.92	6,506.19
Industry Average	1,046.16	1,256.23	1,562.22	2,200.30	2,865.09

**Table-6: Five Years Life Fund Summary of FILICL and their Competitor's**

<b>Total Assets (in Million)</b>					
	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	1,129.92	1,325.25	1,473.62	1,755.61	2,180.23
Meghna Life Insurance Company Ltd.	2,421.69	3,428.46	4,747.34	6,188.19	8,345.63
National Life Insurance Company Ltd.	8,574.31	10,762.09	14,000.97	14,242.47	15,419.68
Popular Life Insurance Company Ltd	875.98	975.75	1,568.28	1,987.65	2,768.44
Pragati Life Insurance Ltd.	746.29	956.96	1,251.25	1,737.59	2,589.09
Progressive Life Insurance Company Ltd.	1,019.56	1,158.42	1,396.23	1,535.58	2,136.57
Rupali Life Insurance Company Ltd.	866.37	970.80	1,143.43	1,647.08	2,383.62
Sandhani Life Insurance Company Ltd.	1,979.53	2,964.69	4,127.75	4,925.91	5,734.87
Prime Islami Life Insurance Company Ltd.	823.70	995.80	1,738.30	2,503.97	3,539.38



Farest Islami Life Insurance Co. Ltd.	2,728.80	4,316.45	6,451.32	10,116.00	14,611.79
Industry Average	2,116.62	2,785.47	3,789.85	4,664.01	5,970.93

### 3.5. Different forms of Advertisements

A basic question that marketers must answer as they begin to develop an advertising campaign is “ Whom are we trying to reach with our message.”

The advertising target often includes everyone in the firms target market and thus the ability to communicate to a large number of people at once is the major benefit of advertising.

FILIC mainly focuses on the outdoor media which includes banners, papered posters and billboards, as its creative channels to convey its message to attracting for the mass level.

Other forms of advertising media including radio and other sources have a contribution of the different promotional media are depicted below:

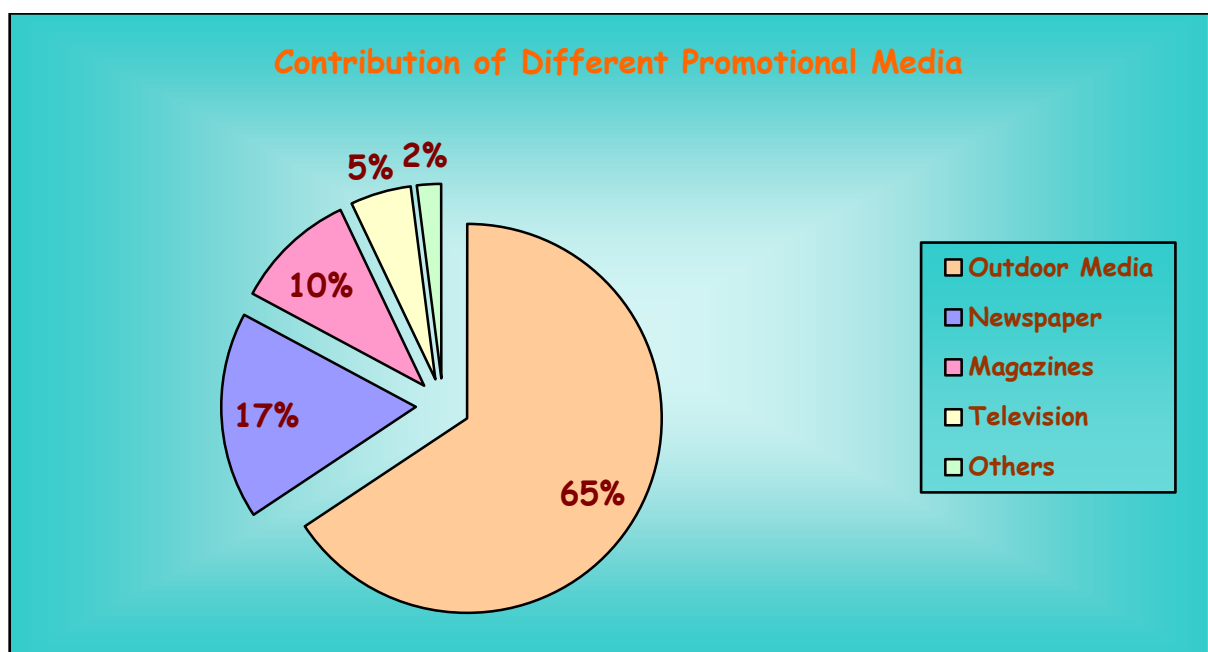


Figure 7: Contribution of Different Promotional Media

### 3.6. SMS Service

Now our valuable client can easily get their updated Policy information, Premium date, Premium notice, Total Premium by M-Insurance (SMS solution system)

**ফারইষ্ট গ্রাহকদের জন্য সুখবর!!! মোবাইল ফোনে বীমা তথ্য জেনে নিন**

এখন সারাদেশের যে কোন স্থান থেকে যে কোন সময়ে যে কোন মোবাইল ফোনে ১৯৬৯ নম্বরে এস.এম.এস করে জানতে পারবেন আপনার প্রয়োজনীয় বীমা তথ্য।

**M-INSURANCE**  
SMS BASED INSURANCE SERVICE

যেখানে এসএমএস করবেন

**NEW MESSAGE**  
ইউজার লিখিত মেসেজ-এসএমএসের মাধ্যমে আপনাকে জানিয়ে দেবে আপনার বীমা তথ্য।

**FIL REG**  
1900045125-2  
সিউজার  
FIL <সংখ্যা>  
REG <সংখ্যা>  
পঠিয়ে নিন

**SEND**  
6969  
পঠিয়ে নিন 6969 নম্বরে

**INBOX**  
Dear Sir,  
Your policy details are as follows:  
Policy No: 12345678  
Premium Tk. 10000000  
AN 01-01-2020. Please pay the amount to any of the following branches or Forward Office in Dhaka.

**NEW MESSAGE**  
আপনাকে জানিয়ে দেবে আপনার বীমা তথ্য।

**FIL**  
Reg: 1900045125-2  
পঠিয়ে নিন  
ইউজার: FIL 1900045125-2

**SEND**  
6969  
পঠিয়ে নিন 6969 নম্বরে

**INBOX**  
Dear Sir,  
Your policy details are as follows:  
Policy No: 12345678  
Premium Tk. 10000000  
AN 01-01-2020. Please pay the amount to any of the following branches or Forward Office in Dhaka.

**রেজিস্ট্রেশনের পর**  
Inbox  
Dear Sir,  
Your policy details are as follows:  
Policy No: 12345678  
Premium Tk. 10000000  
AN 01-01-2020. Please pay the amount to any of the following branches or Forward Office in Dhaka.

বিস্তারিত জানা গেলে পূর্ন-  
ফারইষ্ট লাইফ ইন্স্যুরেন্স কোম্পানী লিমিটেড  
ফারইষ্ট টাওয়ার ফারইষ্ট রোড  
ফারইষ্ট স্ট্রীট ফারইষ্ট স্ট্রীট  
এই মেসেজটি (SMS) পঠিয়ে।

কোনো সমস্যা হলে ফোন করে ফারইষ্ট হেল্প লাইন নম্বর ০১৭৩০০৯০০১১।  
ফারইষ্ট হেল্পলাইন: SSL Wireless

মোবাইল কোন অপারেটর নির্বাহিত SMS Charge রয়েছে।  
পঠিয়ে নিন ০১৭৩০০৯০০১১ নম্বরে ফোন করে। 01730090011

**ফারইষ্ট ইসলামী লাইফ ইন্স্যুরেন্স কোম্পানী লিমিটেড**  
ইসলামী শরী'আহ মোতাবেক পরিচালিত  
প্রধান কার্যালয়: টি.কে. অরবন (১৪তলা), ১৩ কারওয়ান বাজার, ঢাকা-১২১৫  
ফোন: পিএবিএক্স ৮১৫০১২৭-৩১ ফ্যাক্স: ৮৮০-২-৮১৩০৬১১

Figure 8: SMS Service of FILICL

### 3.7. HR Activities of FILICL

In Present it is needed to having expertise in any subject matter. Every one must have sufficient knowledge on the works matter he has to do. It accelerates his prosperity if he deserves his ability through achieving proper education and training.

Fareast Life Insurance Co. Ltd has been created technically qualified persons having sound knowledge on Insurance profession by giving them proper training and professional education.

#### 3.7.1 Activities of Fareast Islami Life Insurance Training and Research Academy (FILITRA)

Fareast, in its short span of time, has created revolution in the Insurance Industries and also a movement in Islamic Insurance in the country and is now ahead to meet the challenge of Globalization. It has become pioneer in Islamic Insurance. It has earned much fame and at the same time got lot of both from home and abroad for its tremendous progress in life

Insurance. This has been possible for its skilled and dedicated manpower. The Insurance people say that Fareast has got Goldmine. This Goldmine is our skilled is our skilled manpower. fareast, its endeavor sendeavor, has developed this people by providing them training in both marally and technically for which they have become bright example in the Insurance field. To achive this goal, The company has established a Training & Research Deopartment in its very begening time i.e. in the year 2002 and this department has conducted following Training courses from 2000 – 2009:

**Table-7: Activities of FILITRA**

Sl No.	Course Name	Number of Course	Paricipated Manpower
1	Foundation Training Course	24	670
2	Basic Training Course	06	188
3	Advanced Training Course	02	63
4	Development Management Training Course	15	579
5	Refresher Training Course (Muraqib)	05	146
6	Workshop Course	02	195
7	Short Training Course	121	7503
	<b>Total=</b>	<b>174</b>	<b>9344</b>

To meet the challenges of Globalization the Company has dveloped its Training & Research Deopartment to Training & Research Academy ie FILITRA.

**3.7.2 The aims and objectives of FILITRA are as follows:**

1. To develop the manpower of all levels of the Company with special emphasis on Islamic Economics and Islamic Insurance as well as Islamic Life Insurance.
2. To develop Knowledge and skill of the manpower on the practical operations of both conventional and Islamic Insurance.
3. To develop the culture base, life style, aptitude and of the manpower in conformity with the sprit of Islam for creating impect over the entire insurance and Socio- Economic enviornment.
4. To conduct Research on Islamic Shariah and literature with aview to collate specialized knowledge of Islamic Insurance Economics and Commercial, Financial and Development

activities.

5. To promote and undertake faculty Development programs to assure an adequate supply of competent trainers to institutions conducting training programs for the personnel of Insurance and Financial institutions.
6. To make the Islamic Insurance system more effective and adaptable to the gradually changing situation through concerted efforts of Research and studies.
7. To develop Training and Research capabilities among the manpower to enable them to provide technical assistance to local and overseas Business and Financial institutions.
8. To assist Life Insurance system and Financial institutions in matters such as designing measurement tests for employee selection, appraisal, programs, conducting moral and productivity studies, streamlining organizational structure and to review from time to time the impact of educational, training and research activities and offer suggestions for filling the gaps in the Islamic Insurance and Financial systems.
9. To provide consultancy services to Insurance Companies or any other institutions or matters having bearing on productivity in Islamic Insurance services, optimum use of financial resources or any other matter conducive to socio-economic welfare.
10. To award diploma, distinctions and certificates and to prescribe standards of proficiency for the same.
11. To establish and maintain a fund with the contributions of FILIC Insurance system and Financial institutions of both home and abroad and or any other organization/Institutions for awarding scholarship for research fellows who intend to obtain Ph. D or equivalent degrees from different Universities of the World.

The main objective of FILITRA is not only to award diploma in Islamic Insurance but also develop in Insurance people with the spirit to create over the entire Insurance and socio-economic development.

### ***3.7.3 Rewards & Benefits***

They believe the greatest reward they have to offer is the unique opportunity to be instrumental in the creation of a world-class Insurance operation. As such, the people we choose to join us will experience one of the most exciting challenges in the industry today.

They offer the opportunity to work with and learn from the very best people in the industry in a dynamic, client-orientated, global culture. We will have access to a strong support network of colleagues and most business areas offer formal mentoring schemes to help us gain valuable career development advice during the graduate programme and beyond.

As well as extensive training and development, they offer a very attractive industry-competitive benefits package with rapid rewards for the right people. Benefits include:

- Performance-related bonus scheme
- Yearly Incentive
- Provident fund & Gratuity
- Festival bonus
- Life assurance benefit
- Motorcycle loan
- Preferential rates on a range of FILIC's products
- Sports and social scheme
- Employee assistance programme
- Corporate discounts
- 35 days' holiday

### 3.8. Controlling method of Fareast life

Regardless of the negative connotation of the word "control", it must exist or there is no organization at all. In its most basic form, an organization is two or more people working together to reach a goal. Whether an organization is highly bureaucratic or changing and self-organizing, the organization must exist for some reason, some purpose, some mission (implicit or explicit) -- or it isn't an organization at all. The organization must have some goal. Identifying this goal requires some form of planning, informal or formal. Reaching the goal means identifying some strategies, formal or informal. These strategies are agreed upon by members of the organization through some form of communication, formal or informal. Then members set about to act in accordance with what they agreed to do. They may change their minds, fine. But they need to recognize and acknowledge that they're changing their minds.

This form of ongoing communication to reach a goal, tracking activities toward the goal and then subsequent decisions about what to do is the essence of management coordination. It needs to exist in some manner - formal or informal.

The following are rather typical methods of coordination in organizations. They are used as means to communicate direction and guide behaviors in that direction. The function of the following methods is not to "control", but rather to guide. If, from ongoing

communications among management and employees, the direction changes, then fine. The following methods are changed accordingly.

Note that many of the following methods are so common that we often don't think of them as having anything to do with coordination at all. No matter what one calls the following methods -- coordination or control -- they're important to the success of any organization.

### 3.9 Economic Contribution of Fareast Life Insurance

Fareast life insurance by the nature of their business are constantly receiving sums of money in the form of premiums and much of this money will be required to be paid out in the shape of claims. All such money they receive is not in fact required at a time and, therefore, in one position of custodians of vast sums they are able to invest it for earning interest in the capital market. The investment is usually made on government securities, mortgages, industrial loans and shares, debentures etc. Like this way, Fareast life insurance contributes much in the overall economic development of a country. One another side, Risk minimizes the work ability of human. So, to get relax from this risk people take insurance against life risk, that is called life insurance. When a man feel more confident he/she then can any work freely that is viable for economic. One the other hand, people take life insurance to form a capital for business venture, to provide some financial benefits for his dependents in case of his premature death, to secure a capital sum at a particular time to start a business venture, to secure a loan or mortgage, to provide for his children education or marriage expenses etc, that are very important for our economy. By providing those financial support Fareast Life insurance contributes in our economy with a great excellence. Every year it pays huge amount of money to the government as income tax and vat on due course.

### 3.10. Social Responsibilities performed by FILICL

To preserve Islamic values, the company arranged Ifter Mahfil during the holy Ramadan with due solemnity in the Head Office, Divisional, Zonal Offices. To extend our co-operation to the helpless and have-nots, the company has established Fareast Islami Life Foundation by contributing from the Valuation Surplus and fund generated from the Sadaqa, donation etc. I expect and hope that our valued shareholders will have magnimity and fellow feeling and would do their best in helping the foundation through collective efforts. This appeal should be propogated to all the generous and well-up classes of the society for extending their benevolent hands to create a sound financial position of the foundation.



(Keep your Life secure with FILICL)

## 4.1 Financial Analysis of FILICL

Financial analysis is the process of understanding the risk and profitability of a company through analysis of reported financial information, particularly annual and quarterly reports. Investors need this information to estimate both future cash flows from the firm and the riskiness of those cash flows. Financial managers need an in-depth risk and profitability analysis if a comprehensive evaluation of company's performance is required. Financial analysis also concentrates how a particular firm compares with other firms in its industry (benchmarking). The following are some devices to analyze the risk and profitability of FILICL:

## 4.2 Ratio Analysis

Financial ratios are mathematical equations derived from information presenting on a company's financial statements. Every ratio measures a unique association that may have an impact on other ratios. All financial ratios are used as indicators to reveal the financial health of the company. Financial ratios are represented in percentage or decimal format, which allow comparing a company's ratios to its competitors. Company owners, stockholders, or potential investors should understand how to calculate key financial ratios and their importance in analyzing the financial pulse of a firm. In this paper, I have used some ratios for analyzing the risk and profitability of FILICL.

## 4.3 Analysis of Risk

Analysis of risk typically aims at detecting the underlying liquidity risk, solvency risk, and financial operating risk of FILICL.

**4.3.1. Liquidity Analysis:** Liquidity risk can best be described as the risk of short-term funding crisis. Unexpected events, such as a large claim or a loss of confidence, or a legal crisis, can cause such funding crisis. Liquidity is a pre-requisite for the survival of an enterprise. But liquidity is not as big a concern with many life insurance companies as it is in other financial institutions for one good reason: most of their policies are less liquid than their assets. Life insurance companies are required to maintain their investment portfolio as per insurance law. The significant portion of the investment portfolio is usually kept with different banks as fixed deposit rate (FDR) under different



maturity bucket which serves the purpose of liquidity. In addition, the companies keep a considerable amount in saving term deposit (STD) and current account.

For unique characteristics of life insurance, the liquidity ratio of other financial institutions is generally not applicable. Hence, I have used the following formula for analyzing the liquidity risk of life insurer, which has suggested by Credit Rating Agency of Bangladesh (CRAB).

$$\text{Liquidity Ratio (LR)} = \frac{\text{Liquid Assests}}{\text{Total Liabilities}}$$

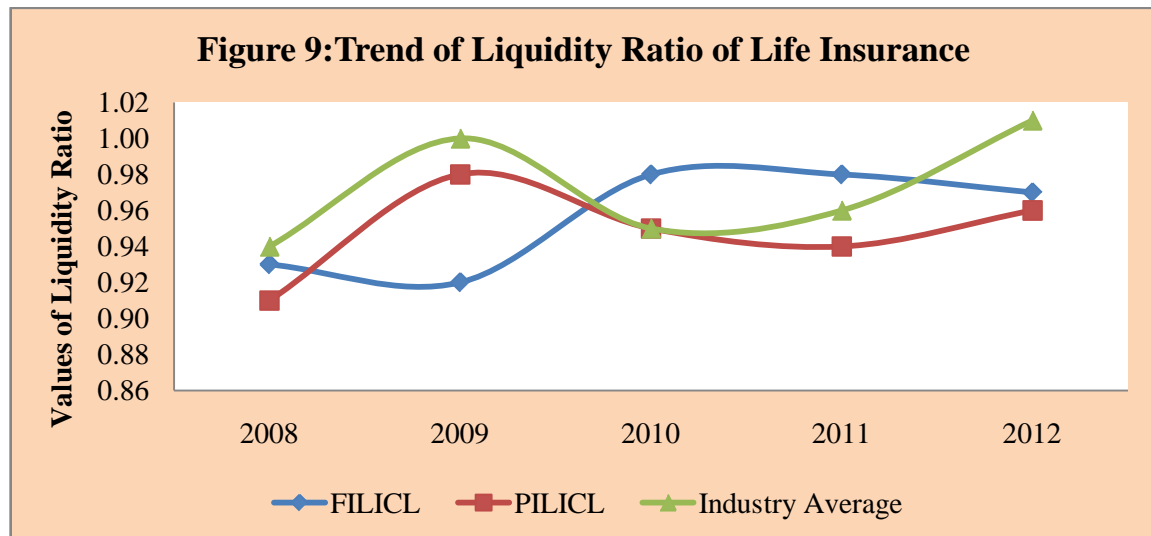
According to CRAB, the minimum requirement for the ratio of liquid assets to total liabilities for life insurers is 60%. Usually a high liquid ratio indicates the lower the liquidity risk and the lower the opportunity for profit. The liquidity ratio of life insurers has obtained from the life insurers' annual reports (see Appendix).

<b>Table-8: Liquidity Ratio of Life Insurance Companies</b>			
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average (IA)</b>
2008	0.93	0.91	0.94
2009	0.92	0.98	1.00
2010	0.98	0.95	0.95
2011	0.98	0.94	0.96
2012	0.97	0.96	1.01
<b>Mean</b>	0.96	0.95	0.97
<b>Standard Deviation (SD)</b>	0.0257	0.0256	0.0261
<b>Coefficient of Variation (CV)</b>	2.69%	2.70%	2.69%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

Liquidity ratios of FILICL, PILICL and Industry Average have tabulated in table-8. As a result of the calculation, overall all of the insurers have healthy liquidity ratios. The average of the liquidity ratios of FILICL is very close to Industry Average and PILICL during the study period. Standard deviation of liquid ratio of FILICL is higher than that

of PILICL but lower than that of industry average. The coefficient variation in liquid ratio of FILICL was 2.69%, which indicates that there is only 2.69% dispersion in the liquid ratio of FILICL during the study period. The coefficient variation in liquid ratio of FILICL is equal to Industry Average and very close to PILICL. These results indicate that FILICL has undertaken low risks in managing the liquid assets as like its competitors.



The figure-4 shows that the liquidity ratios of FILICL, PILICL, and Industry Average are fluctuated during the study period. The liquidity ratio of FILICL was increased from 2009 to 2011, and then decreased from 2011 to 2012. Though average liquidity ratios of FILICL, PILICL and Industry Average are almost same, the trend of liquidity ratio of FILICL is demonstrated opposite of PILICL and Industry Average during the study period.

**4.3.2. Solvency Analysis:** 'Solvency' is defined differently by different users. It is the ability of an insurer to meet all its liabilities whenever they fall due. So, the solvency ratio is a measure of the risk an insurer faces of claims that it cannot absorb. The primary function of an insurer is to manage all its risks in such a way as to be able at all times to meet its commitments to the policyholders<sup>4</sup>. The solvency ratio of an insurance company is the size of its capital relative to premium written.

In Bangladesh, there is no statutory requirement for solvency margin nor has any formula for calculation of solvency margin, which is used to test the solvency of the life

insurer. Hence, I have used the following formula for analyzing the solvency risk of life insurer, which has suggested by Credit Rating Agency of Bangladesh (CRAB).

$$\text{Solvency Ratio (SR)} = \frac{\text{Policyholders' Surplus}}{\text{Net Premium Written}}$$

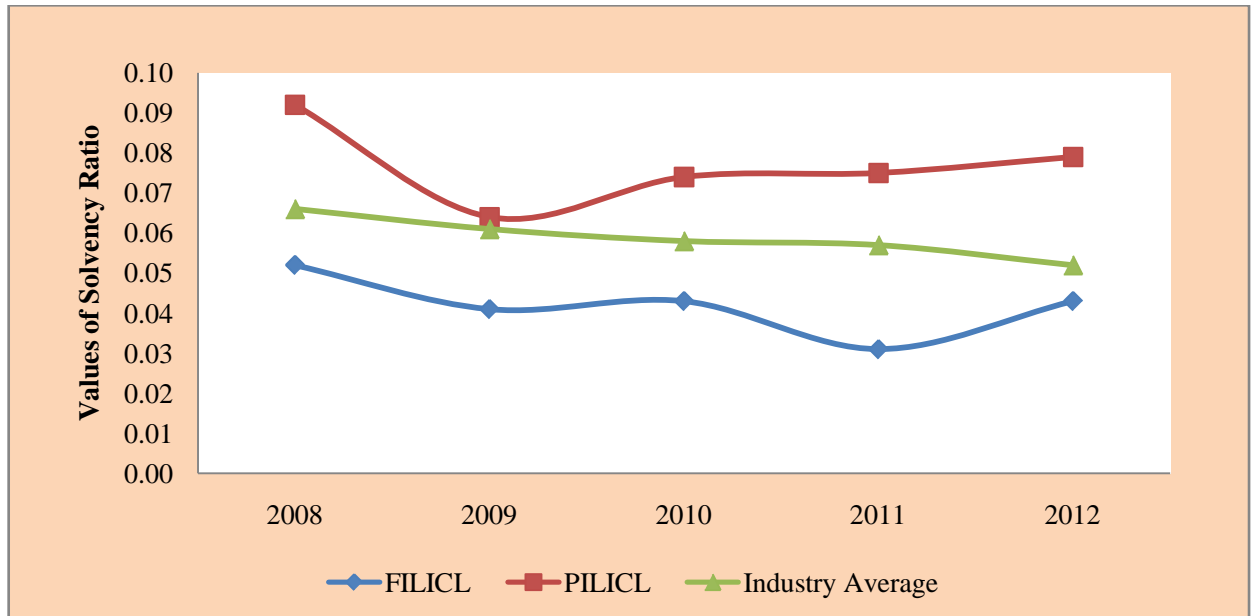
According to CRAB, the minimum standard for the solvency ratio of life insurers is 8%.

Generally a high solvency ratio indicates that the life insurer has the ability to meet its commitments to the policyholders. The solvency ratio of life insurers has obtained from the life insurers' annual reports (see Appendix).

<b>Table-9: Solvency Ratio of Life Insurance Companies</b>			
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.05	0.09	0.07
2009	0.04	0.06	0.06
2010	0.04	0.07	0.06
2011	0.03	0.08	0.06
2012	0.04	0.08	0.05
<b>Mean</b>	0.042	0.077	0.059
<b>SD</b>	0.0067	0.0091	0.0046
<b>CV</b>	16%	12%	8%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

Solvency ratios of FILICL, PILICL and Industry Average have tabulated in table-9. As a result of the calculation, overall all of the insurers have a bad level of solvency ratio. The average solvency ratio of FILICL is lower than that of Industry Average and PILICL during the study period. Standard deviation of solvency ratio of FILICL is higher than that of Industry Average and lower than that of PILICL. The coefficient variation in solvency ratio of FILICL is 16%, which indicates that there is 16% dispersion in the solvency ratio of FILICL during the study period. The coefficient variation in solvency ratio of FILICL is higher than that of Industry Average and PILICL. These results indicate that FILICL is more vulnerable in managing the policyholders' surplus than its competitors.



**Figure 10 : Trend of Slovency Ratio of Insurance Companies**

The figure-10 shows that the trend of solvency ratio of FILICL is constantly under the trend lines of PILICL and Industry Average during the study period. The solvency ratio of FILICL has the lowest in 2011. The solvency ratio of PILICL has constantly during the trend lines of FILICL and Industry Average during the study period. The trend of solvency ratio of Industry Average is continuously decreased from 2008 to 2012.

#### 4.4. Financial Operational Efficiency Analysis

To obtain an accurate picture of an insurer's risk and profitability, it is important to analyze the overall gain or loss from operations. So, I have used operating ratio to evaluate the FILICL's overall operating financial efficiency, which depends to a great extent on the control of underwriting<sup>5</sup> expenses and investment. The operating ratio of FILICL comprises underwriting ratio (also called combined ratio) minus investment income ratio, because underwriting ratio does not include any reflection of the investment. Moreover, investment income generally helps to offset any underwriting losses. The formula for operating ratio is expressed as:

$$\text{Operating Ratio (OR)} = \text{Combined Ratio (CR)} - \text{Investment Income Ratio (IR)}$$

##### 4.4.1 Combined Ratio (CR)

Combined ratio is also used a measure of the profitability of an insurance company, because it is an indication of an insurance company's health. The combined ratio equals expenses and losses divided by revenue from premiums. The result is expressed as a percentage, and a value more than 100 percent, the insurer has an underwriting loss. So, a combined ratio above 100% indicates that a carrier is paying out more in claims and expenses than it is taking in premiums.

The word "combined" is used because it includes two ratios:

- Loss Ratio
- Expense Ratio

The formula for combined ratio is expressed as:

$$\text{Combined Ratio} = \text{Loss Ratio} + \text{Expense Ratio} = \frac{\text{Net Claims} + \text{Underwriting Expenses}}{\text{Net Premium Earned}}$$

**Loss Ratio (LOR):** The loss ratio is determined by dividing the net claims by net premiums earned. The formula for loss ratio is expressed as:

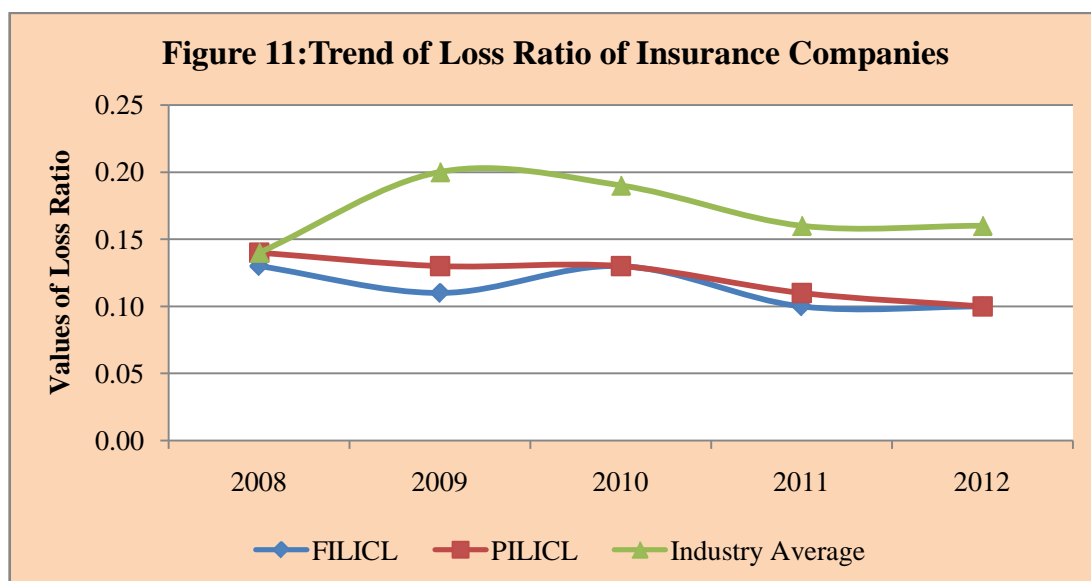
$$\text{Loss Ratio (LOR)} = \frac{\text{Net Claims}}{\text{Net Premium Earned}}$$

The result is expressed as a percentage and lower loss ratio shows higher operating profit and vice versa. Higher loss ratios may indicate that an insurance company may need better risk management policies to guard against future possible insurance payouts. The loss ratio of life insurers has obtained from the life insurers' annual reports (see Appendix).

<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.13	0.14	0.14
2009	0.11	0.13	0.20
2010	0.13	0.13	0.19
2011	0.10	0.11	0.16
2012	0.10	0.10	0.16
<b>Mean</b>	0.11	0.12	0.17
<b>SD</b>	0.014	0.015	0.0210
<b>CV</b>	11.83%	12.09%	12.21%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

Loss ratios of FILICL, PILICL and Industry Average have tabulated in table-10. The average loss ratio of FILICL is lower than that of PILICL and Industry Average. Standard deviation of loss ratio of FILICL is also lower than that of industry average and PILICL. Coefficient of variation of loss ratio of FILICL is 11.83%, which indicates that there is 11.83% dispersion in the loss ratio of FILICL during the study period. Coefficient of variation of loss ratio of PILICL is 12.21% and Industry Average is 12.09%. These results indicate that FILICL is better in managing the policyholders' claims than PILICL and Industry Average.



Above the figure-4 shows that the trend of loss ratios of FILICL was continuously below the trend of loss ratios of PILICL and Industry Average during the study period of 2008 to 2012. But the trend of Industry Average was on top among three lines.

**Expense Ratio (ER):** The amount of a company's net premiums that were allocated to underwriting costs, like commissions to agents and brokers, state and municipal taxes, salaries, benefits and other operational expenses. This ratio is determined by dividing the underwriting expenses total by net premiums earned. The formula for loss ratio is expressed as:

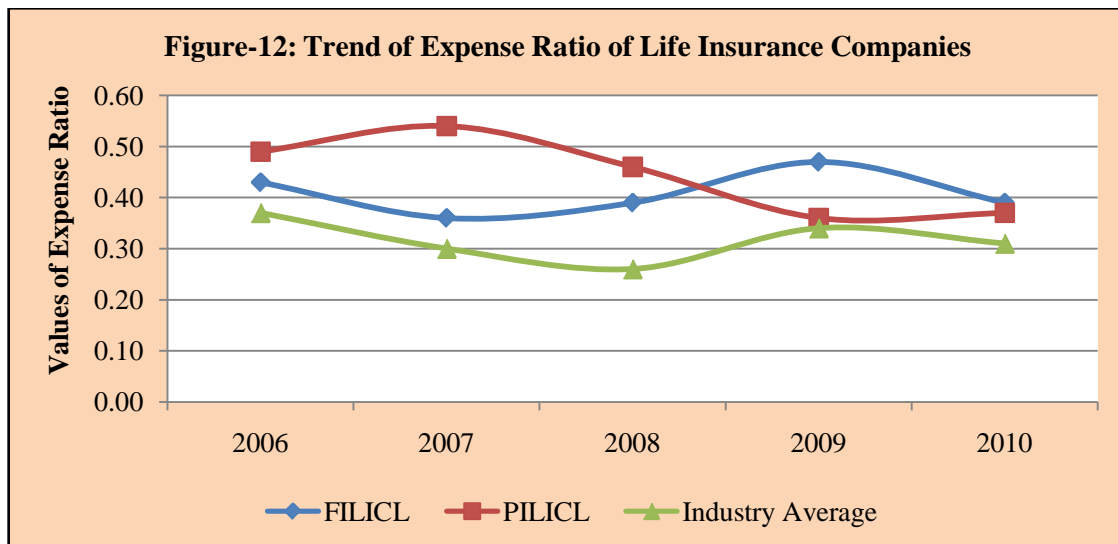
$$\text{Expense Ratio (ER)} = \frac{\text{Underwriting Expenses}}{\text{Net Premium Earned}}$$

The result is expressed as a percentage, and lower loss ratio shows higher operating profit and vice versa. So, it is the measure of an insurer's business efficiency to investors. The expense ratio of life insurers has obtained from the life insurers' annual reports (see Appendix).

<b>Table-11: Expense Ratio of Life Insurance Companies</b>			
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.43	0.49	0.37
2009	0.36	0.54	0.30
2010	0.39	0.46	0.26
2011	0.47	0.36	0.34
2012	0.39	0.37	0.31
<b>Mean</b>	0.41	0.44	0.32
<b>SD</b>	0.0382	0.0695	0.0372
<b>CV</b>	9.35%	15.64%	11.77%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

Expense ratios of FILICL, PILICL and Industry Average have tabulated in table-11. The average expense ratio of FILICL is lower than that of PILICL, but higher than that of Industry Average. Standard deviation of expense ratio of FILICL is lower than that of PILICL and higher than that of Industry Average. But Coefficient of variation of expense ratio of FILICL is lower than that of PILICL and Industry Average. Coefficient of variation of expense ratio of FILICL is 9.35%, which indicates that there is 9.35% dispersion in the expense ratios during the study period. These results indicate that FILICL is safe sides in managing the underwriting expenses even its high mean value of expense ratios.



The figure-12 shows that the trend of expense ratios of FILICL was decreased from 2008 to 2009 and then continuously increased from 2009 to 2011. The trend of expense ratios of PILICL was increased from 2008 to 2009 and then continuously decreased from 2009 to 2011. The trend of expense ratios of Industry Average was decreased from 2008 to 2010 and then increased from 2010 to 2011. In 2012, the trend of expense ratios of FILICL and Industry Average was decreased from previous year.

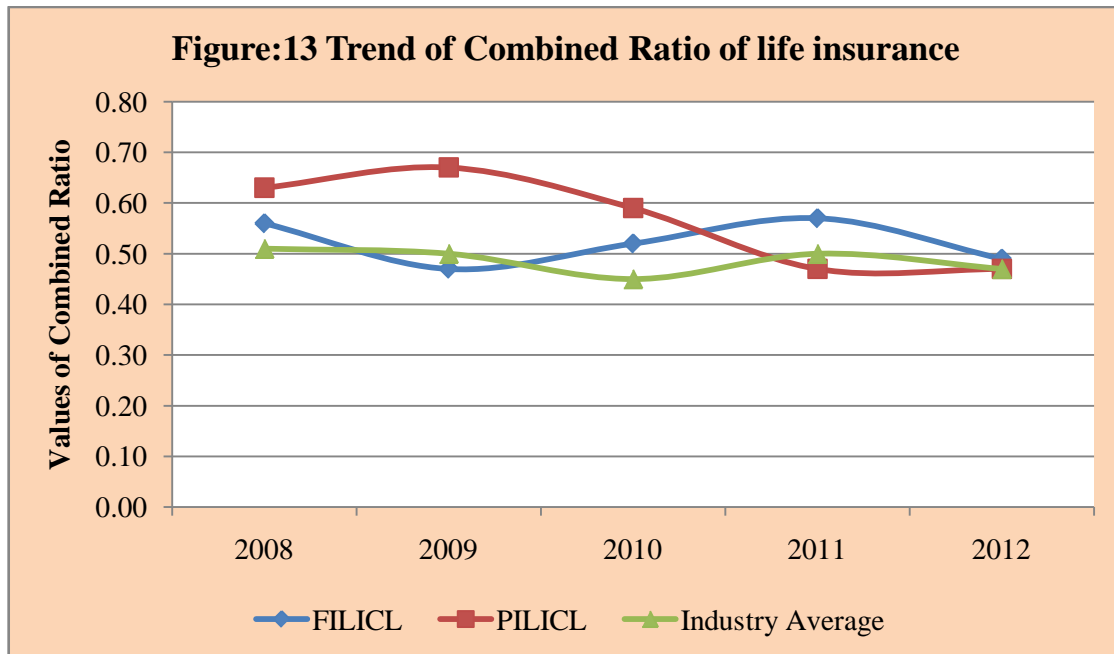
Year	FILICL			PILICL			Industry Average		
	LOR	ER	CR	LOR	ER	CR	LOR	ER	CR
2008	0.13	0.43	0.56	0.14	0.49	0.63	0.14	0.37	0.51
2009	0.11	0.36	0.47	0.13	0.54	0.67	0.20	0.30	0.50
2010	0.13	0.39	0.52	0.13	0.46	0.59	0.19	0.26	0.45
2011	0.10	0.47	0.57	0.11	0.36	0.47	0.16	0.34	0.50
2012	0.10	0.39	0.49	0.10	0.37	0.47	0.16	0.31	0.47
<b>Mean</b>	<b>0.52</b>			<b>0.57</b>			<b>0.49</b>		
<b>SD</b>	<b>0.0387</b>			<b>0.0824</b>			<b>0.0224</b>		
<b>CV</b>	<b>7.41%</b>			<b>14.55%</b>			<b>4.62%</b>		

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

Combined ratios of FILICL, PILICL and Industry Average have tabulated in table-12. The average combined ratio of FILICL is lower than that of PILICL, but higher than that of Industry Average. Standard deviation of combined ratio of FILICL is higher than that of industry average and lower than that of PILICL. Coefficient of variation of combined



ratio of FILICL is 7.41%, indicates that there is 7.41% dispersion in the combined ratios during the study period. Coefficient of variation of combined ratio of FILICL shows relatively less consistency during the study period because its coefficient of variation is higher than that of Industry Average.



The figure-13 shows that the trend of combined ratios of FILICL was decreased from 2008 to 2009 and then continuously increased from 2009 to 2011. The trend of combined ratios of PILICL was increased from 2008 to 2009 and then continuously decreased from 2009 to 2011. The trend of combined ratios of Industry Average was decreased from 2008 to 2010 and then increased from 2010 to 2011. In 2012, the trend of combined ratios of FILICL and Industry Average was decreased from previous year.

**4.4.2 Investment Income Ratio (IR):** Though investment income ratio is a part of profitability ratio, here I have used IR for finding the actual operating ratio. Because combined ratio does not include any reflection of the investment income. The investment income ratio equals investment income divided by revenue from premiums. The formula for IR ratio is expressed as:

$$\text{Investment Income Ratio} = \frac{\text{Investment Incomes}}{\text{Net Premium Earned}}$$

The result is expressed as a percentage, and higher IR ratio shows higher operating profit and vice versa. The investment income ratio of life insurers has obtained from the life insurers' annual reports (see Appendix).

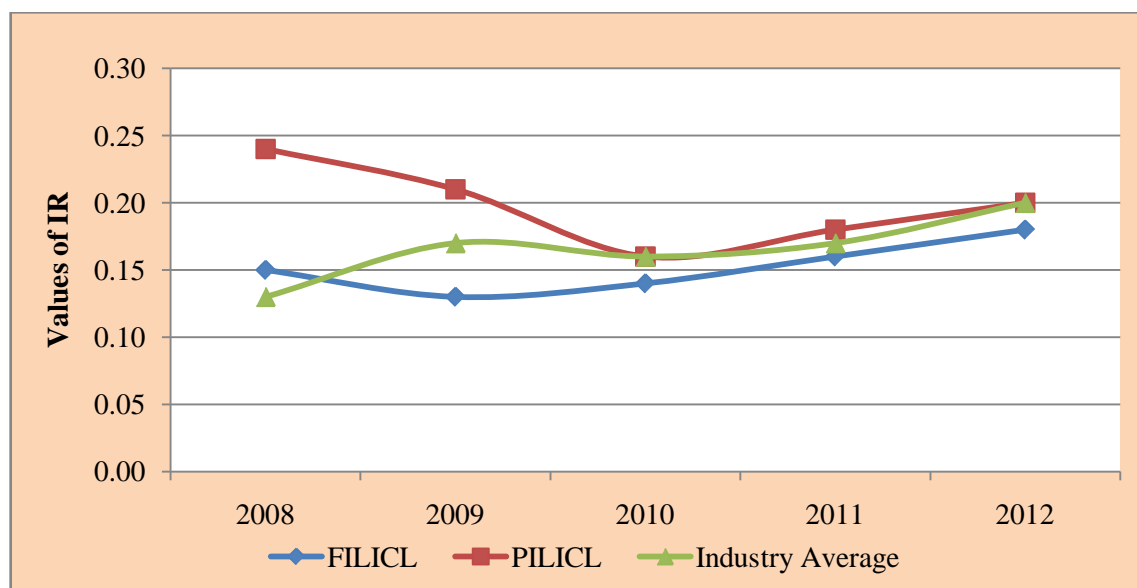
**Table-13: Investment Income Ratio of Life Insurance Companies**

Year	FILICL	PILICL	Industry Average
2008	0.15	0.24	0.13
2009	0.13	0.21	0.17
2010	0.14	0.16	0.16
2011	0.16	0.18	0.17
2012	0.18	0.20	0.20
<b>Mean</b>	0.15	0.20	0.17
<b>SD</b>	0.0172	0.0271	0.0224
<b>CV</b>	11.32%	13.70%	13.52%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

The investment income ratios of FILICL, PILICL and Industry Average have tabulated in table-13. The average investment income ratio of FILICL is lower than that of PILICL and Industry Average. Standard deviation of investment income ratio of FILICL is lower than that of industry average and PILICL. Coefficient of variation of investment income ratio of FILICL is 11.32%, indicates that there is 11.32% dispersion in the investment income ratios during the study period. Coefficient of variation of investment income ratio of Industry Average and PILICL are 13.52% and 13.70% respectively. These results indicate that FILICL is very conservative in their investment.

**Figure 14: Trend of Investment Income Ratio of Life Insurance Companies**



The figure-14 shows that the trend of investment income ratios of FILICL is continuously below the trend lines of Industry Average and PILICL from 2009 to 2012. But the trend line of FILICL is constantly increased from 2009 to 2012. The trend of investment income ratios of PILICL is always on top among three lines during the study period of 2008 to 2012. The trend of investment income ratios of Industry Average is constantly during the trend line of FILICL from 2009 to 2012.

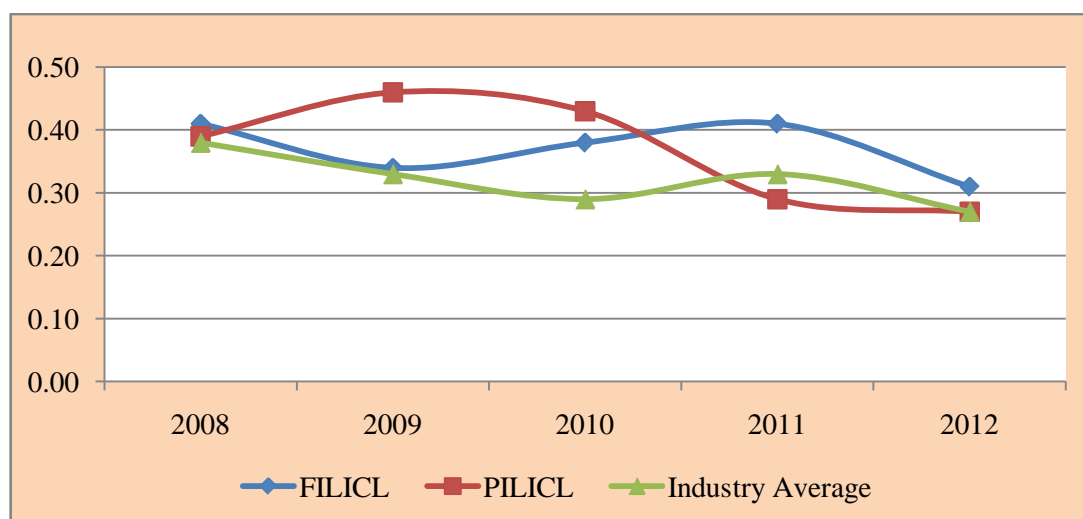
Year	FILICL			PILICL			Industry Average		
	CR	IR	OR	CR	IR	OR	CR	IR	OR
2008	0.56	0.15	0.41	0.63	0.24	0.39	0.51	0.13	0.38
2009	0.47	0.13	0.34	0.67	0.21	0.46	0.5	0.17	0.33
2010	0.52	0.14	0.38	0.59	0.16	0.43	0.45	0.16	0.29
2011	0.57	0.16	0.41	0.47	0.18	0.29	0.50	0.17	0.33
2012	0.49	0.18	0.31	0.47	0.20	0.27	0.47	0.20	0.27
<b>Mean</b>	<b>0.37</b>			<b>0.37</b>			<b>0.32</b>		
<b>SD</b>	<b>0.0395</b>			<b>0.0755</b>			<b>0.0379</b>		
<b>CV</b>	<b>10.67%</b>			<b>20.51%</b>			<b>11.86%</b>		

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

The operating ratios of FILICL, PILICL and Industry Average have tabulated in table-14. As a result of the calculation, the average operating ratio of FILICL, PILICL and Industry Average was quite low. The average operating ratio of FILICL is equal to

PILICL and higher than that of Industry Average. But standard deviation of operating ratio of FILICL is lower than that of PILICL and higher than that of Industry Average. Coefficient of variation of operating ratio of FILICL is 10.67%, indicates that there is 10.67% dispersion in the operating ratios during the study period. Coefficient of variation of operating ratio of FILICL shows relatively more consistency during the study period because its coefficient of variation is lower than Industry Average of 11.86% and PILICL of 20.51%. These results indicate that FILICL is efficient in managing its underwriting expenses during the study period.

**Figure 15: Trend of Operating Ratio of Life Insurance Companies**



The figure-14 shows that the operating ratios of FILICL, PILICL, and Industry Average are fluctuated during the study period. The trend of operating ratios of FILICL is constantly during the trend of operating ratios of Industry Average from 2008 to 2012. The trend of operating ratios of PILICL was increased from 2008 to 2010 and then continuously decreased to 2012.

#### 4.5. Analysis of Profitability

Profitability reflects the final result of business operation. It helps to establish future earning capability of the business. Profit<sup>6</sup> is an absolute figure whereas profitability is

defined as profits expressed as a proportion of total assets, total capital employed and total equity.

For a life insurance company, premium/underwriting income and investment income are mainly two components of profits that I have considered for profitability. The profitability indicators are the rate of return on assets (ROA), rate of return on equity (ROE), rate of return on capital employed (ROCE), and profit margin (PM), which were obtained from the life insurers' annual reports (see Appendix).

**4.5.1 Return on Assets Ratio (ROA):** The rate of return on assets is the most comprehensive accounting measure of a life insurer's overall performance. Since it is defined as net profit during total assets, it shows the profit earned per taka of assets. It is an indicator of life insurer's efficiency and a measure of the life insurer's ability to earn funds from its total operations. More important, it gauges how effectively a life insurance company uses its financial and real investments to generate profits. The formula for ROA ratio is expressed as:

$$\text{ROA Ratio} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

Lesser variability in the return on assets ratio indicates proper or efficient management of wealth.

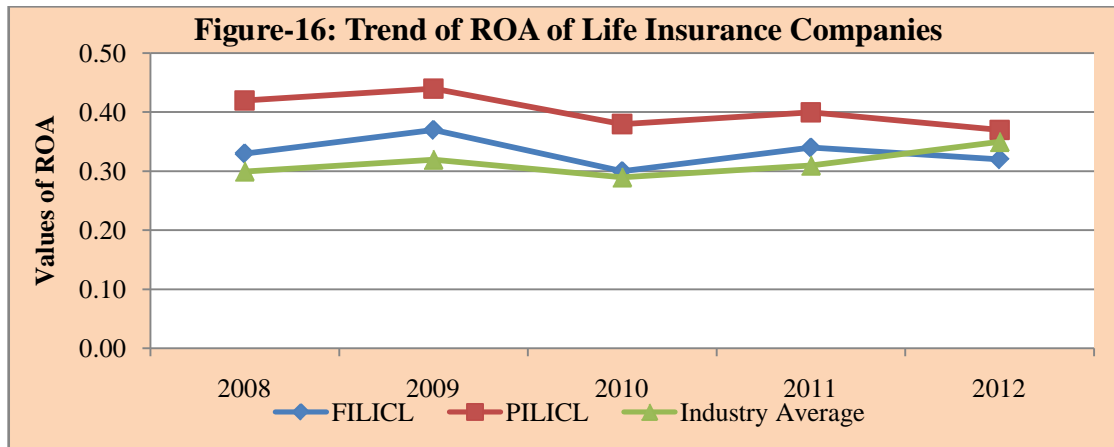
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.33	0.42	0.30
2009	0.37	0.44	0.32
2010	0.30	0.38	0.29
2011	0.34	0.40	0.31
2012	0.32	0.37	0.35
<b>Mean</b>	0.33	0.40	0.32
<b>S. D.</b>	0.0215	0.0265	0.0201
<b>C.V.</b>	6.52%	6.62%	6.34%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

ROA ratios of FILICL, PILICL and Industry Average have tabulated in table-17. Table-17 exemplifies that average ROA of FILICL is lower than that of PILICL and higher than that of grand industry average. Standard deviation of ROA of FILICL is higher than that of industry average and lower than that of PILICL. But Coefficient of variation of return on assets ratio of FILICL is 6.52%, which indicates that there is 6.52% dispersion



in the ROA ratios during the study period. Coefficient of variation of ROA ratio of FILICL is very close to Industry Average of 6.34% and PILICL of 6.62%. These results indicate that FILICL is efficient in managing its wealth during the study period.



The figure-16 shows that the trend of ROA ratios of FILICL was on above the trend line of Industry Average from 2008 to 2011. The trend of ROA ratios of FILICL was under the trend line of PILICL during the study period of 2008 to 2012.

**4.5.2 Return on Equity Ratio (ROE):** ROE captures profitability from the policyholders' perspective that reflects how effectively an insurance company is using policyholders' investment. For unique characteristics of life insurance, the return on equity ratio of other financial institutions is generally not applicable. That is why Jeff Madura has said in his Financial Markets and Institutions book that the profitability of insurance companies is often assessed using the return on net worth (or policyholders' surplus) as a ratio, as follows:

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Policyholders' Surplus}}$$

Lesser variability in the return on equity ratio indicates proper or efficient management of policyholders' surplus. Generally ROE ratio of an insurer is expressed in percentage. Here, I have showed the ROE ratio of life insurers in absolute term.

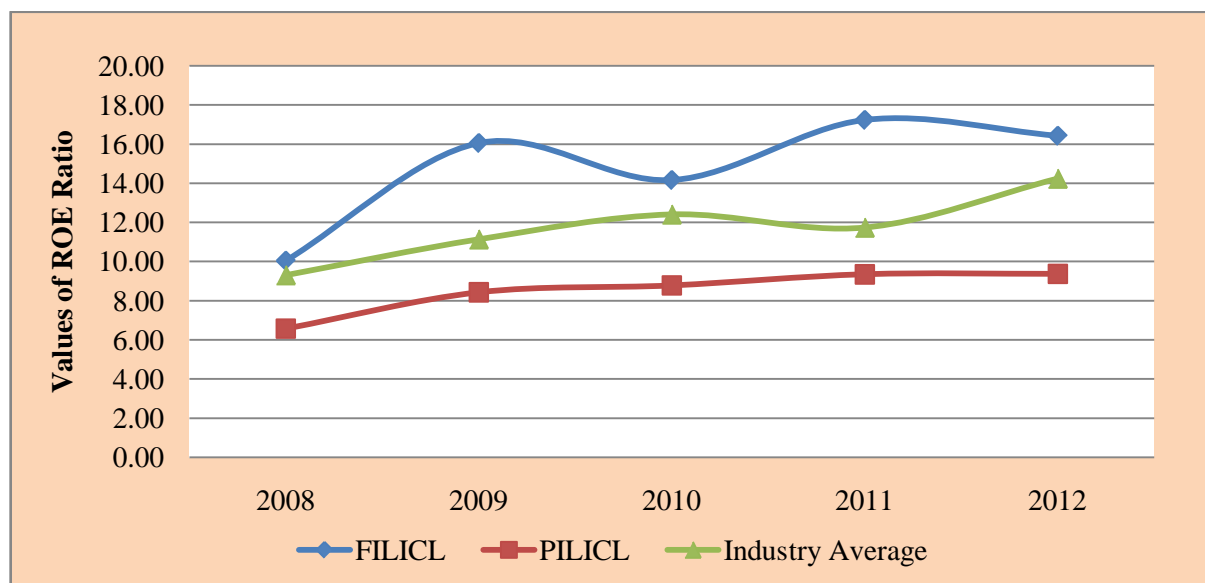
Year	FILICL	PILICL	Industry Average
2008	10.05	6.58	9.31
2009	16.06	8.43	11.14

2010	14.17	8.78	12.41
2011	17.24	9.35	11.74
2012	16.43	9.37	14.24
<b>Mean</b>	14.79	8.50	11.77
<b>SD</b>	2.575	1.025	1.610
<b>CV</b>	17.41%	12.05%	13.68%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

ROE ratios of FILICL, PILICL and Industry Average have tabulated in table-16. As a result of the calculation, the ROE ratios of FILICL, PILICL and Industry Average are very good level. The average ROE of FILICL is 1479%, which is higher than PILICL of 850%, and grand industry averages of 1177%. This means that FILICL generated Tk.14.79 of profit for every Tk.1 of policyholders' surplus, giving the stock an ROE of 1479%. Standard deviation of ROE ratio of FILICL is 2.575, which is higher than PILICL of 1.025 and Industry Averages of 1.610. The coefficient of variation of ROE ratio of FILICL is 17.41%, which shows less consistency during the study period because coefficient of variation of FILICL was very higher than Industry Average of 13.68% and PILICL of 12.05%. These results indicate that FILICL is very inefficient in managing its policyholders' surplus during the study period of 2008 to 2012.

**Figure-17: Trend of ROE of Life Insurance Companies**



The figure-20 shows that the trend of ROE ratios of FILICL is on top among the tree lines from 2008 to 2012. The trend of ROE ratios of PILICL is under the trend line of FILICL and Industry Average during the study period of 2008 to 2012. The trend of ROE ratios of Industry Average is just the middle of FILICL and PILICL.

**4.5.3 Return on Capital Employed Ratio (ROCE):** This is the most important ratio for testing profitability of a business. It measures satisfactorily the overall performance of a business in terms of profitability. This ratio expresses the relationship between net profit earned and capital employed. The term ‘capital employed’ refers to long-term funds supplied by the policyholders and owners of the firm. The term ‘return’ signifies net profit after interest and taxes.

This ratio is more appropriate for evaluating the efficiency of internal management. It indicates how well the management has utilised the funds supplied by the owners and policyholders. In other words, this ratio intends to measure the earning power of the net assets of the business. It is figured as shown below:

$$\text{ROCE Ratio} = \frac{\text{Net Profit}}{\text{Net Capital Employed}}$$

A high ratio is a test of better performance and a low ratio is an indication of poor performance. Higher the ratio, more efficient the management is considered to have been using the funds available.

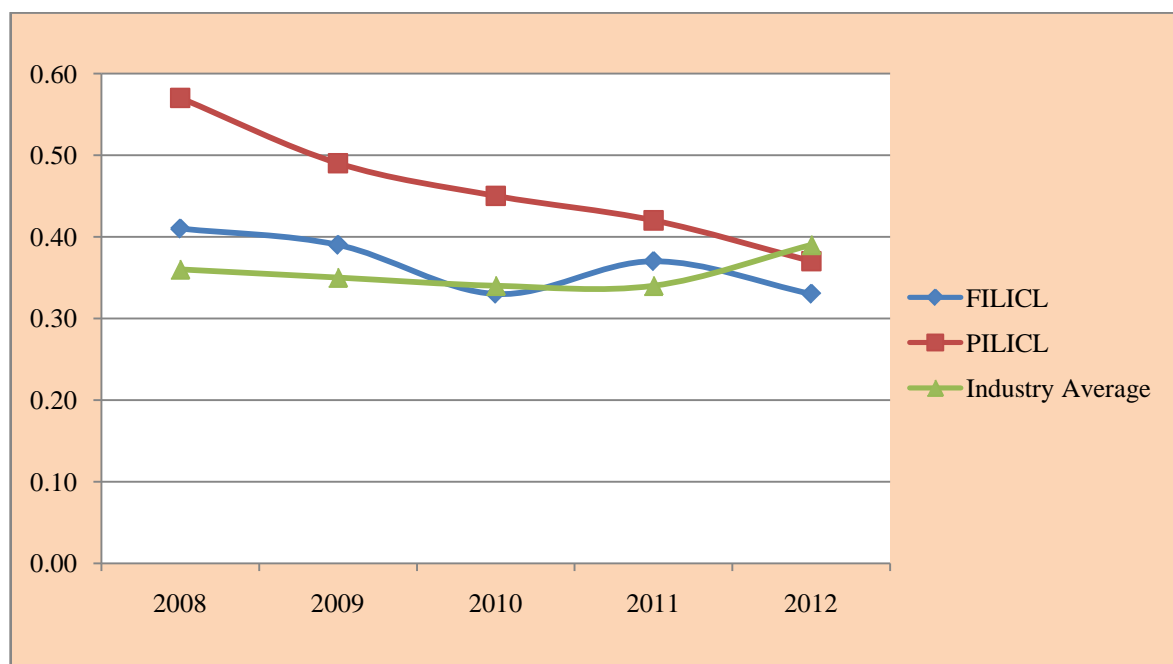
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.41	0.57	0.36
2009	0.39	0.49	0.35
2010	0.33	0.45	0.34
2011	0.37	0.42	0.34
2012	0.33	0.37	0.39
<b>Mean</b>	0.37	0.46	0.36
<b>SD</b>	0.032	0.068	0.019
<b>CV</b>	8.74%	14.68%	5.21%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies



The ROCE ratios of FILICL, PILICL and Industry Average have tabulated in table-17. Table-17 shows that average ROCE ratio of FILICL is lower than that of PILICL and very close to grand Industry Average. Standard deviation of ROCE ratio of FILICL is lower than that of PILICL and higher than that of Industry Averages. The coefficient of variation of ROCE ratio of FILICL is lower than that of PILICL and higher than that of Industry Average. The coefficient of variation of ROCE ratio of FILICL is 8.74%, which indicates that there is 8.74% dispersion in the ROCE ratios of FILICL during the study period. As the mean value of ROCE ratio of FILICL is lower than that of PILICL, the risk of FILICL is also lower than PILICL. These results indicate that FILICL is efficient in managing its funds available.

**Figure-18: Trend of ROCE Ratio of Life Insurance Companies**



The figure-23 shows that the trend of ROCE ratios of FILICL was decreased from 2008 to 2010 and then increased from 2010 to 2011. The trend of ROCE ratios of PILICL is top on the trend lines of FILICL and Industry Average during the study period. But the trend of ROCE ratios of PILICL is constantly decreasing during the study period of 2008 to 2012. The trend of ROCE ratios of Industry Average was same from 2008 to 2011 and then increased.

**4.5.4 Profit Margin Ratio (PM):** This figure determines the profitability of an insurance company. It is the profits after all expenses and taxes are paid by the insurance company. A ratio of profit margin calculated as net income divided by revenues. The formula for PM ratio is expressed as:

$$\text{PM Ratio} = \frac{\text{Net Profit}}{\text{Total Revenues}}$$

A higher profit margin indicates a more profitable company that has better control during its costs compared to its competitors. A decrease in this ratio may indicate more intensive competition in the market, declining selling prices or an increased cost of underwriting.

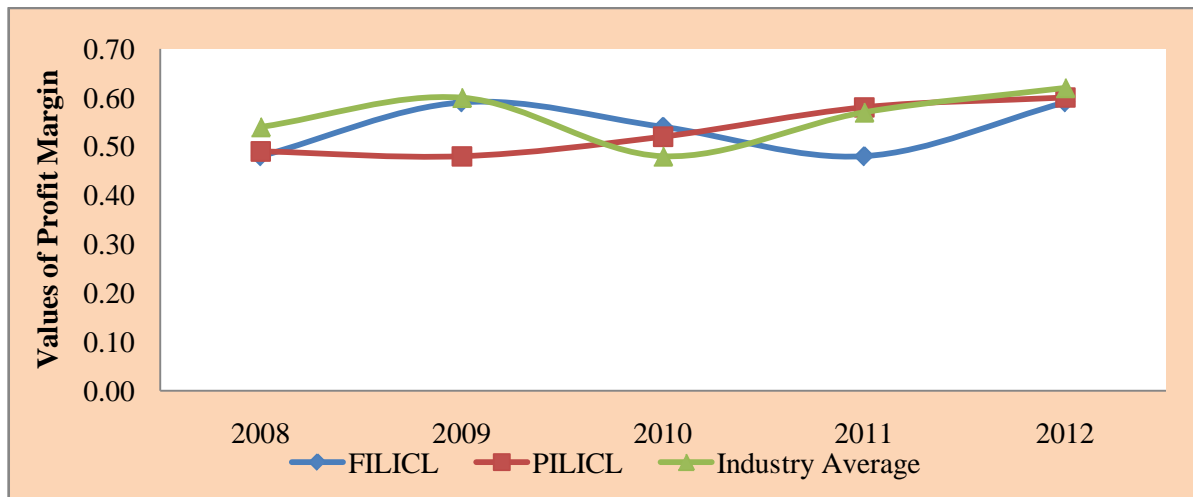
<b>Table-18: Profit Margin Ratio of Life Insurance Companies</b>			
<b>Year</b>	<b>FILICL</b>	<b>PILICL</b>	<b>Industry Average</b>
2008	0.48	0.49	0.54
2009	0.59	0.48	0.60
2010	0.54	0.52	0.48
2011	0.48	0.58	0.57
2012	0.59	0.60	0.62
<b>Mean</b>	0.54	0.53	0.56
<b>S D</b>	0.0481	0.0481	0.0483
<b>CV.</b>	8.99%	9.03%	8.62%

**Data Source:** Author's calculation from Annual Report of sample life insurance companies

The profit margin ratios of FILICL, PILICL and Industry Average have tabulated in table-18. Table-18 shows that average PM ratio of FILICL is higher than that PILICL and grand lower that of Industry Average of 56%. The average PM ratio of FILICL indicates that it generates Tk.0.54 of net profit for every Tk.1 of total revenues. Standard deviation of PM ratio of FILICL is equal to PILICL and very close to Industry Averages. The coefficient of variation of PM ratio of FILICL is 8.99%, which indicates that there is

8.99% dispersion in the PM ratio of FILICL during the study period. These results indicate that FILICL has almost same control during its costs compare to Industry Average and PILICL.

**Figure-19: Trend of Profit Margin Ratio of Life Insurance Companies**



The figure-19 shows that the PM ratio of FILICL, PILICL, and Industry Average are fluctuated during the study period of 2008 to 2012. The trend of PM ratio of FILICL was increased from 2008 to 2009 and then constantly decreased from 2009 to 2011. The PM ratio of Industry Average indicated that Industry Average was the most successful from 2008 to 2012 (except 2010). The PM ratio of PILICL was constantly increased from 2009 to 2012.

## 5.1 Summary of Report Findings

This report had started with an objective: to analysis the risk and profitability of Fareast Islami Life Insurance Company Limited. While my journey to that goal, I have found some interesting discoveries. The followings are the summary of my study findings:

1. There is no significant difference in liquidity risk among the life insurers of Bangladesh over the study period. All the life insurance companies in Bangladesh have a good level of liquid assets. The liquidity risk of FILICL is very low as like its competitors.
2. There is significant difference in solvency risk among the life insurers of Bangladesh during the study period. All the life insurance companies have a bad level of policyholders' surplus or net worth. FILICL is more vulnerable in managing the policyholders' surplus than its competitors or Industry Average.
3. FILICL is efficient in managing the policyholders' claims than its competitors and Industry Average.
4. FILICL is efficient in managing its underwriting expenses as like PILICL and Industry Average.
5. FILICL is very conservative in their investment than its compactors or Industry Average.
6. FILICL is efficient in managing its operating expenses as like PILICL. But FILICL is inefficient in managing its operating expenses comparative to Industry Average during the study period.
7. There is no significant in return on assets between FILICL and Industry Average and have a significant difference between FILICL and PILICL during the study period. FILICL is efficient in managing its wealth as like Industry Average but more efficient than PILICL.
8. There is significant difference in return on equity among the life insurers of Bangladesh over the study period. But all the life insurance companies in Bangladesh have obtained a very good level of return on equity.
9. There is no significant difference in return on capital employed between FILICL and Industry Average, but have a significant difference between FILICL and PILICL during the study period. FILICL is more efficient in managing its net capital employed than PILICL but less efficient than Industry Average.

10. There is no significant difference in profit margin among the life insurers of Bangladesh during the study period. FILICL has almost same control over its costs compare to Industry Average and PILICL.
11. The correlation result between ROA and SR of FILICL and Industry Average shows no linear association.
12. The correlation result between ROA and LR of FILICL and Industry Average shows a moderate negative coefficient. The correlation result between ROA and LR of PILICL shows a weak negative coefficient.
13. The correlation result between ROA and OR of FILICL, PILICL, and Industry Average shows a weak negative coefficient.
14. The regression model suggests that there is significant positive relationship between risk and profitability of among the life insurance companies of Bangladesh during the study period.
15. The regression result shows that the ROA of FILICL and Industry Average positively depends on SR. But the ROA of PILICL negatively depends on SR.
16. The regression result also shows that the ROA of FILICL and Industry Average negatively depends on LR and OR.
17. The risk index of life insurers in Bangladesh is very bad level. Moreover, the book value insolvency of FILICL is lower than PILICL and Industry Average.

## 5.2 Conclusions and Recommendations

Fareast Islami Life Insurance Company has started their journey as the 1st full-fledged Islami Life Insurance Company in Bangladesh in the year of 2000. FILICL has already developed an images and goodwill among its policyholders by offering it excellent services. This success has resulted from the dedication, commitment, and dynamic leadership of its management over the periods. During the short span of time of FILICL has successfully grabbed a position itself as a progressive and dynamic company in insurance sector with their Islamic values.

The study has analytically examined the implications of the FILICL's scale on profitability and risk measures on the basis of published data. The analytical results showed that there is significant positive relationship between risk and profitability of

FILICL. FILICL is safer in managing its liquidity and financial operating risk during the period of study. The profitability performance of FILICL is quite impressive during the study period. Although the analysis revealed that Fareast Islami Life Insurance Company is financially sound during the study period, there are certain areas in which the company can improve for sustain in long-run in the competitive market. On the basis of the present study, following recommendations can be made:

- Due to the bad level of solvency margin of FILICL, they should pay special attention in determining their optimal capital structure. More especially, they should consistently generate policyholders' surplus to remain viable in the long run.
- Due to strong positive relationship between risk and profitability of FILICL, they should more aggressive or effective in their investment policies.
- FILICL should more concentrate on net premiums earned to bring down the claims ratio and increase their profits. Higher profits would mean better reserves which in turn would assist the insurer to operate in times of unexpected eventualities and also help them maintain liquidity at all times.
- Operational efficiency should be increased by reducing underwriting expense and improving operating and management performance.
- Insurance Development and Regulatory Authority of Bangladesh (IDRA) should specified maximum capacity ratio for the insurers so that at any point of time the insurers have funds available to service any unexpected claims.

## End Notes

- 1 Premiums are a regular periodic payment for an insurance policy.
- 2 Profitability means ability to make profit from all the business activities of an organization.
- 3 Risk refers to the chance that some unfavorable event will occur.
- 4 Policyholders' Surplus (also known as owner's equity) is the total assets minus the total liabilities of an insurer.
- 5 Underwriting refers to the process that a large financial service provider uses to assess the eligibility of a customer to receive their products.
- 6 Profit is the difference between the total revenue and the total expenses.

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## APPENDIX

	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	1,001.92	1,106.92	1,255.29	1,515.04	1,894.57
Meghna Life Insurance Company Ltd.	2,000.47	2,982.96	4,300.00	5,700.00	7,800.01
National Life Insurance Company Ltd.	8,386.76	10179.54	11552.51	13,894.08	15,156.86
Popular Life Insurance Company Ltd	840.41	960.18	1,527.98	1,907.21	2,615.67
Pragati Life Insurance Ltd.	711.25	915.11	1,186.50	1,654.38	2,387.65
Progressive Life Insurance Company Ltd.	991.88	1,117.88	1,352.18	1,491.53	2,041.60
Rupali Life Insurance Company Ltd.	786.12	874.25	1,046.88	1,429.15	2,165.69
Sandhani Life Insurance Company Ltd.	1,791.82	2,715.83	3,870.97	3,840.52	4,499.51
Prime Islami Life Insurance Company Ltd.	629.05	782.70	1,206.18	2,240.26	3,447.53
Farest Islami Life Insurance Co. Ltd.	2,447.71	3,859.52	6,179.38	9,698.63	13,966.56
Industry Average	1,958.74	2,549.49	3,347.79	4,337.08	5,597.57

	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	1,086.24	1,125.60	1,273.11	1,358.31	2,189.44
Meghna Life Insurance Company Ltd.	2,254.69	3,128.55	4,266.67	6,618.29	7,745.88
National Life Insurance Company Ltd.	8,874.00	9,716.43	12,961.97	13,102.27	14,689.24
Popular Life Insurance Company Ltd	698.33	1,048.75	1,478.82	1,887.66	2,661.21
Pragati Life Insurance Ltd.	714.63	804.35	1,278.56	1,539.73	2,189.09
Progressive Life Insurance Company Ltd.	943.50	1,070.80	1,443.43	1,535.57	2,236.56
Rupali Life Insurance Company Ltd.	676.37	827.00	1,126.87	1,464.73	2183,62
Sandhani Life Insurance Company Ltd.	2,213.31	2,906.87	4,056.04	5,210.57	5,958.69
Prime Islami Life Insurance Company Ltd.	693.63	795.54	1,568.65	2,385.97	3,581.43
Farest Islami Life Insurance Co. Ltd.	2,638.80	4,186.45	6,312.75	9,921.97	14,330.44
Industry Average	2,079.35	2,561.03	3,576.69	4,502.51	6,175.78

	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	90.00	90.00	90.00	160.00	160.00
Meghna Life Insurance Company Ltd.	92.25	134.88	168.54	224.64	274.85
National Life Insurance Company Ltd.	64.68	66.25	78.15	139.73	167.00
Popular Life Insurance Company Ltd	75.00	75.00	90.00	90.00	90.00
Pragati Life Insurance Ltd.	75.00	75.00	75.00	75.00	75.00
Progressive Life Insurance Company Ltd.	82.50	82.50	82.50	82.50	82.50
Rupali Life Insurance Company Ltd.	30.00	30.00	30.00	75.00	75.00
Sandhani Life Insurance Company Ltd.	41.33	57.13	71.41	95.43	139.78
Prime Islami Life Insurance Company Ltd.	52.00	52.00	75.00	107.00	137.95
Farest Islami Life Insurance Co. Ltd.	90.00	99.00	138.60	194.04	281.36
Industry Average	69.28	76.18	89.92	124.33	148.34

<b>Table-D: Total Expenses (in Millions)</b>					
	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	107.86	117.43	134.12	175.07	191.88
Meghna Life Insurance Company Ltd.	643.30	762.30	843.40	1,149.10	1,441.10
National Life Insurance Company Ltd.	1,075.43	1,151.16	1,062.50	1,883.33	2,968.55
Popular Life Insurance Company Ltd	330.23	417.90	421.17	596.44	633.11
Pragati Life Insurance Ltd.	291.53	317.68	346.10	638.73	1,246.20
Progressive Life Insurance Company Ltd.	250.77	315.51	392.78	531.57	582.88
Rupali Life Insurance Company Ltd.	636.40	732.70	807.53	968.55	1,273.92
Sandhani Life Insurance Company Ltd.	706.90	752.96	780.75	803.50	824.73
Prime Islami Life Insurance Company Ltd.	355.00	548.40	594.10	671.54	810.37
Farest Islami Life Insurance Co. Ltd.	974.80	1,099.79	1,663.34	3,627.22	3,208.82
Industry Average	537.22	621.58	704.58	1,104.51	1,318.16

<b>Table-E: Net Claim (in Millions)</b>					
	2008	2009	2010	2011	2012
Delta Life Insurance Company Ltd.	91.45	177.18	241.97	204.8	223.54
Meghna Life Insurance Company Ltd.	103.1	310.2	325.8	581.4	808
National Life Insurance Company Ltd.	628.05	1054.92	1150.32	1160.48	1263.24
Popular Life Insurance Company Ltd	51.63	66.42	109.91	130	210.7
Pragati Life Insurance Ltd.	70.64	101.97	132.9	186.83	297.25
Progressive Life Insurance Company Ltd.	78.69	98.75	115.7	131.32	246.54
Rupali Life Insurance Company Ltd.	68.82	81.49	97.63	126.93	243.41
Sandhani Life Insurance Company Ltd.	162.4	211.51	272.55	224.81	289.12
Prime Islami Life Insurance Company Ltd.	79.3	106.4	129.9	155.21	172.13
Farest Islami Life Insurance Co. Ltd.	227.74	251.84	425.22	649.15	662.27
Industry Average	172.80	246.07	300.19	355.09	441.62

<b>Table-F: Trend of Profit of FILICL (in Millions)</b>					
	2008	2009	2010	2011	2012
Net Premium	1,727.88	2,386.99	3,194.55	6,307.92	6,506.19
Investment and other income	251.82	302.90	432.87	864.50	1,324.52
<b>Total Income</b>	1,979.70	2,689.89	3,627.42	7,172.42	7,830.71
Net Claim	227.74	251.84	425.22	649.15	662.27
Management Expenses	218.26	227.64	355.32	659.14	804.36
Agency Commission fee	357.86	398.66	520.69	1,483.73	1,296.62
Mgt Allowances and Commission	162.81	197.96	306.60	729.98	325.61
Other Expenses	8.13	23.69	55.51	105.22	119.96
<b>Total Expenses</b>	974.80	1,099.79	1,663.34	3,627.22	3,208.82
<b>Net Profit</b>	1,004.90	1,590.10	1,964.08	3,545.20	4,621.89

<b>Table-g: Profit of Industry Average (in Millions)</b>					
	2008	2009	2010	2011	2012
Total Premium Income	10,461.57	12,562.26	15,622.21	22,002.99	28,650.94
Total Investment and other income	1,361.53	2,141.45	2,585.97	3,643.49	5,647.70
<b>Total Income</b>	<b>11,823.10</b>	<b>14,703.71</b>	<b>18,208.18</b>	<b>25,646.48</b>	<b>34,298.64</b>
<b>Total Expenses</b>	<b>5,372.22</b>	<b>6,215.83</b>	<b>7,045.79</b>	<b>11,045.05</b>	<b>13,181.56</b>
Total Industry Profit	6,450.88	8,487.88	11,162.39	14,601.43	21,117.08
<b>Industry Average Profit</b>	<b>645.09</b>	<b>848.79</b>	<b>1,116.24</b>	<b>1,460.14</b>	<b>2,111.71</b>

<b>Table-H: Profit of Prime Islami Life Insurance Company Ltd. (in Millions)</b>					
	2008	2009	2010	2011	2012
Premium Income	563.70	816.40	1,011.30	1,417.99	1,746.69
Investment and other income	133.34	170.25	241.97	253.69	356.53
<b>Total Income</b>	<b>697.04</b>	<b>986.65</b>	<b>1,252.27</b>	<b>1,671.68</b>	<b>2,103.22</b>
<b>Total Expenses</b>	<b>355.00</b>	<b>548.40</b>	<b>594.10</b>	<b>671.54</b>	<b>810.37</b>
<b>Net Profit</b>	<b>342.04</b>	<b>438.25</b>	<b>658.17</b>	<b>1,000.14</b>	<b>1,292.85</b>