

## CREDIT RATING REPORT On CITY GENERAL INSURANCE COMPANY LIMITED

**REPORT: RR/61000/22**

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

**Address:**  
CRISL  
Nakshi Homes  
(4<sup>th</sup> & 5<sup>th</sup> Floor)  
6/1A, Segunbagicha,  
Dhaka-1000  
Tel: 9530991-4  
Fax: 88-02-9530995  
Email:  
[crisldhk@crislbd.com](mailto:crisldhk@crislbd.com)

**Rating Contact:**  
Md. Asiful Huq  
Chief Rating Officer  
[asif@crislbd.com](mailto:asif@crislbd.com)

**Analysts:**  
Md. Saiful Alam Shimul  
[saiful@crislbd.com](mailto:saiful@crislbd.com)

**Surveillance Rating:**  
CPA: AA+

**Outlook: Stable**

**CITY GENERAL  
INSURANCE  
COMPANY LIMITED**

**ACTIVITY**  
Non-Life Insurance

**DATE OF  
INCORPORATION**  
March 18, 1996

**COMMENCEMENT OF  
BUSINESS**  
March 25, 1996

**CHAIRMAN**  
Hossain Akhtar

**CHIEF EXECUTIVE  
OFFICER**  
Mr. Md. Shamim Hossain

**EQUITY**  
TK. 1194.80 million

**TOTAL ASSETS**  
TK. 1684.80 million

Claim Paying Ability	
CPA Rating	AA+
Outlook	Stable
Date of Rating: December 29, 2022	Valid up to: December 28, 2023

### 1.0 RATIONALE

CRISL has upgraded the Claim Paying Ability (CPA) rating of City General Insurance Company Limited (CGIL) to 'AA+' (pronounced as double AA plus) based on the financials up to December 31, 2021 and other relevant qualitative and quantitative information up-to the date of rating. The above rating reflects CGIL's good capital base, sound liquidity, good IT infrastructure, experienced management team, diversified investment portfolio etc.

CGICL sources its business from renowned group of companies and banks. The company continues to deliver improved services taking due care of the compliance requirements. Based on the financial statement of 2021, its overall business performance has improved. Gross premium rose to Tk. 730.62 million in 2021 from Tk. 438.24 million in 2020 and subsequently the total income has also been moved upward to Tk.211.92 million from Tk. 174.13 million during the above periods respectively. Profit after Tax (PAT) stood at Tk. 114.71 million in 2021 against Tk. 120.75 million in 2020 with good support of interest income from FDR. On the other hand the above gross underwriting margin and net underwriting margin have been moved downward during the period. CRISL views CGICL's investment strategy is diversified having around 69.68% of its funds remains in cash and deployed in fixed deposits while rest 30.32% in capital market & bond.

The capital base of the company is above the regulatory minimum level of Tk.400.00 million and stood at Tk.681.66 million as on December 31, 2021. Besides, CGICL has a considerable investment of Tk. 321.37 million in capital market with trading intend. CRISL expects the company to continue to adopt a prudent underwriting approach, improve business and investment portfolio and enhance underwriting performance in motor and miscellaneous segment. The above rating is however, constrained to some extent due to following concern areas which include moderate return on equity and investment, exposed to capital market risk, small market share etc.

CPA rated in this category is adjudged to very high claim paying ability. Protection factors are strong. Risk is modest. But may vary slightly over time due to underwriting and/or economic condition.

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

### 2.0 CORPORATE PROFILE

#### 2.1 The Genesis

City General Insurance Company Limited (CGICL), a second generation non-life insurance company was incorporated on March 18, 1996 as a public limited company under the Companies 'Act' 1994. It obtained the certificate of commencement of business on March 25, 1996 with a view to serve insured with utmost care and to provide the best solution for their needs. Subsequently, the company obtained license from the Chief Controller of Insurance on March 31, 1996. Currently, the company has been operating under the legal framework of the revised Insurance Act, 2010 under the supervision of Insurance Development & Regulatory Authority (IDRA). The company started its operation with a paid up capital of Tk.60.00 million being sponsored by a group of individual linked to a number of business houses. Meanwhile,