

# CHAIRMAN'S COMMUNIQUE TO SHAREHOLDERS





**Our company is thus pushing for fostering greater insurance involvement in Bangladesh by making insurance more inclusive, accessible and affordable in order to contribute to closing the protection gap. This corresponds with our objective of creating a longstanding insurance institution that sensitively fulfils clients' security and long-term requirements.**

**- Hossain Akhtar**

---

## **DEAR VALUED MEMBERS,**

I welcome you to the Annual Report 2022 of City General Insurance Company Limited, your trusted partner in general insurance.

As I compose this letter, the threat posed by the coronavirus has diminished as a result of global joint efforts to implement one of the largest immunisation programmes in the history of mankind. This shows the power of global cooperation and shines a light on the path to solving the pressing challenges of the planet.

In 2022, the global economic recovery from the slump caused by the pandemic has been positive. Post-COVID-19, the Bangladesh government's immunisation campaign, push towards self-reliance by establishing growth-enhancing programmes, and increasing infrastructure expenditure laid the groundwork for economic recovery. The International Monetary Fund (IMF) forecasts that the Bangladeshi economy will grow by 6% in FY2022-23, making it amongst the fastest growing developing economies of the world.

### **Return to regularity – Era after COVID-19**

The pandemic caused commercial disruptions and affected business, both large and small. However, our sustained efforts in innovation and digital transformation allowed us to stay on top of evolving client needs and company strategies. Our digitisation solutions offer five broad benefits, including greater customer centricity, efficiency, customisation, scalability, and agility. Our modern IT infrastructure supports our vision in innovation-led growth and raises the standard for customer service excellence.

We are leveraging technology in the path towards InsurTech for consumer empowerment and convenience and to enhance our countrywide market share, which is an imperative for our sustainable growth agenda. Technology is also assisting us in gaining valuable agent and consumer insights and customer our product knowledge, while sharpening our understanding of consumer requirements. Additionally, we are focusing on utilising technology to provide consumers with personalised services, thus ensuring that we remain their partner of choice when they choose an insurance product from us or for business retention.

It is extremely gratifying to report that our efforts in the areas of innovation, customer service and investor relations were recognised with a number of prestigious industry awards last year. This includes the coveted "ICAB 22nd National Award for Best Presented Annual Reports 2021", "9th ICSB National Award 2021 for Corporate Governance Excellence", "South Asian Federation of Accountants (SAFA) Best presented Annual Report Awards, Integrated Reporting Awards and SAARC Anniversary Awards for Corporate Governance Disclosure 2021" and "Insurance Asia Awards 2022 on Claims Initiative of the Year-Bangladesh" award in the insurance

category, which we received for the first time in recognition of our excellence in financial reporting and disclosure, corporate governance excellence and for fast claims settlement process. This award is a testament to our efforts in investor relations and a validation of our corporate communication standards founded on the tenets of accountability, trust, and transparency.

### **Role of general insurance in crisis situations**

As the COVID challenges have revealed, health and financial stability are vital in the lives of people, and the role of general insurance in society is critical as a risk control tool. The function of general insurance amid the pandemic came to the fore and was evident as insurance claims were paid to thousands of policyholders as they settled health treatment-related claims and commercial and other insurance claims. During the year, City General Insurance itself settled claims of Tk 5.83 crore, vs. Taka 11.98 crore in the prior year.

Despite the operational and financial position hurdles brought by the crisis, Bangladesh's insurance industry was quick to adapt to the evolving situation. General insurers increasingly embraced digitalisation across the value chain, modernising distribution channels, innovating product portfolios and focusing on prudent cash discipline to deliver improved business resilience and agility through better risk outcomes.

The outbreak also disrupted our way of life and caused increased levels of anxiety in employees. We therefore organised many employee-centric initiatives to ensure their safety and wellness. Employee engagement in these trying times was another key initiative and we utilised our engagement framework to remain in continuous touch with our people. We utilised the situation to build stronger bonds with our teams, helping each other out and being there for one another. This also helped in creating a more cohesive unit bound by solidarity, camaraderie and team spirit.

### **Fostering insurance involvement – A critical growth driver**

Insurance is vital for a developing economy like Bangladesh since it not only ensures policyholder protection against exigent situations, but also helps direct long-term finance for public expenditure, thus ensuring a good social imprint. Furthermore, several measures backed by the industry and regulator have resulted in increase in penetration though it continues to remain very low both as a percentage of the population covered as well as premiums collected as a proportion of the GDP.

Your company is thus pushing for fostering greater insurance involvement in Bangladesh by making insurance more inclusive, accessible and affordable in order to contribute to closing the protection gap. This corresponds with our objective of creating a longstanding insurance institution that

sensitively fulfils clients' security and long-term requirements. We want to do this by improving our understanding of the needs and wants of our clients, delivering appropriate services, and assuring continual interaction with care, compassion, and attentiveness.

We created our company on the larger goal of bridging the massive gap between insurance demand and insurance supply, and this objective drives our focus on strengthening our competitive levers for business acquisition and market share gains. We are also focused on expanding the market, which is the fundamental principle of encouraging insurance participation and getting the public to purchase an insurance policy for themselves, their families, and their possessions. In this sense, we are attempting to send a message to our clients that we care about them, while also advocating the cause of insurance as a revitalization tool.

### **Adopting a multi-stakeholder approach**

Despite the hurdles that include low insurance awareness and general scepticism, we are committed to insurance involvement as an essential part of our sustainable growth strategy. Our wide reach covering virtually all divisions of Bangladesh alongside exceptional customer service has enabled us to make progress on new customer acquisition, premium growth, business process improvement and human resource enrichment.

Furthermore, by diversifying the business through transforming our portfolio mix towards segments that are more profitable and less risk-prone, we are adding value to our stakeholders. We are making the shift towards having a well-balanced mix across product groups. We also made certain that the distribution architecture was diverse. These unique advantages have given us with a springboard to scale higher and sustainably build the business in the future.

### **Sustainability is important to us**

We recognise that the continuous shift to a net-zero society in the wake of climate action will impact every organisation and sector. We at City General Insurance work as partners for our customers who entrust us with their insurance requirements and we are cognisant of this huge responsibility. Thus, solvency is an essential parameter of our business. We ensure that our Solvency Margin is well. In 2022 our solvency margin stood at 5.50%, reflecting business stability and sustainability as well as our emphasis on compliance.

Today, environmental, social, and governance (ESG) criteria are intrinsically linked to the mutualization and management of risk, which is at the heart of insurance. Insurers, including City General, have traditionally viewed robust governance, deep underwriting capabilities, and financial position strength as a means of preserving company value.

Today, things have shifted further. Not only regulators and investors, but also employees, partners, agents, and end customers are vocal about ESG-related issues. We are actively taking account of their rising expectations and are weaving these into our operational framework. In addition, we are also taking note of regulatory developments to take action, particularly regarding the SDG goals and climate concerns.

Thus at our company, we are taking ESG elements into our operational fabric to promote sustainability, such as lowering paper and energy consumption and embracing responsible stewardship of our business operations with a focus on efficiency.

### **Road ahead**

The insurance industry is witnessing a paradigm shift as people become cognisant of its value during crisis situations, especially laid bare by the coronavirus pandemic. Large risk-based events such as the Russia-Ukraine war are becoming a reality and the world is certainly becoming more risk-prone.

In the context of this as well insurance penetration being meagre in a large country such as Bangladesh point to the industry being poised well in the future. As insurers, we are focusing on expanding our reach to penetrate into hitherto untapped markets and are evaluating various digital solutions to reach out. We are also assessing products that are being developed to fill our portfolio gaps as well as meeting evolving customer situations.

In today's interconnected world, we recognise the need for creating value for and being recognised by all stakeholders. We are continuing to construct a resilient tomorrow and progress on our agenda in order to keep our promises. We are advancing together towards a more optimistic outlook.

### **Acknowledgements**

In closing, I extend my gratitude to my fellow Board members who continue to provide steady guidance and oversight at a time when the company has been navigating a difficult operating environment full of uncertainty.

Most developed economies are facing the prospect of outright recession, together with a mix of rising inflation and interest rates, and the Russian-Ukrainian war-induced energy crisis. It is, therefore necessary that the Bangladeshi economy, whilst having to deal with a myriad domestic as well as global headwinds, take action in the implementation of policy and foster growth and employment. The IMF bailout package of 4.5 billion US dollars will go a long way to preserve macroeconomic stability and support strong, inclusive and environment-compatible growth, while protecting the vulnerable sections of the population.

I would like to acknowledge the immense efforts by the City General Insurance Company Limited leadership team, which has been instrumental in delivering the company's recovery in earnings and superior returns to shareholders. Finally, I thank each and every employee for their unstinting commitment, diligence hard work, our customers for continuing to trust us with their insurance needs, and our shareholders for their investment in our company, which is a manifestation of their trust and faith reposed in us.

Thank you once again.



**Hossain Akhtar**

Chairman, City General Insurance Company Limited