

BUSINESS REPORT BY CHIEF EXECUTIVE OFFICER





In keeping with a dynamic and continually evolving marketplace, we are rethinking our work methods and pace of innovation. Today, we are a truly customer-driven organisation with a solid foundation from which to innovate and grow. As we scale up to our future potential, we will continue to introduce new products and programmes to capitalise on new growth avenues, harnessing our key levers of agility, digitality, and versatility!

- Md. Shamim Hossain

DEAR ESTEEMED SHAREHOLDERS,

The insurance sector is experiencing a paradigm shift as a result of the COVID-19 epidemic, which has affected lives and livelihoods worldwide. Health and wellbeing have been severely harmed and have now become a systemic risk. We are experiencing significant creative destruction, which is impacting established risk assessment and underwriting standards while opening up new growth opportunities.

The shift in consumer attitudes regarding insurance, particularly health and pure protection goods, is also changing the way insurance is typically offered, transforming from a push product that mainly relies on the connection between an agent and the customer into a pull product that is seen as a necessity in times of enhanced perceptions of risks.

Today, financial and physical resilience to the vagaries of life and living are closely intertwined. People desire to live a healthy lifestyle. The culture of fitness and physical training has perceptibly increased in Bangladesh. Large companies are coming forward to organise marathons that have particularly caught the fancy of citizens. Customers themselves are increasingly recognising the underlying requirement of physical health and also wider well-being and wellness. This 'wellness insurance' is significantly more comprehensive, opening up a slew of potential for insurers to provide personalised policies that meet the requirements of customers as well as opening the prospects of recalibrating premium rates.

Globally, progress in self-monitoring of health through wearables and data sharing with insurance providers is leading to the development of tailored health insurance plans. Though such trends are visible in the developed parts of the world, they will surely make their way to Bangladesh, rewarding policyholders who demonstrate good behaviour and incentivising them through premium discounts, etc. This is applicable to a swath of products and will bring the insurers and customers into an ecosystem with deeper engagement and greater mutual benefit.

Despite the positive long-term outlook of insurance in Bangladesh, the year under assessment was a challenging one for the general insurers of the country. For instance, on the non-health product pool, the pandemic has created disorder on small and medium-sized enterprises, drastically reducing their business and diminishing their viability. This has caused the SME sector to reconsider their insurance coverage in order to effectively minimise business and personnel risks in the future.

Likewise, the motor insurance pool has had its own share of challenges, primarily since third-party insurance has become practically non-existent in the country. Third-party insurance is a policy acquired by the insured policyholder from the insurer to protect against third-party claims. However, because third-party insurance is not obligatory in Bangladesh, it has no appeal. Third-party insurance was required by the Motor Vehicles Ordinance of 1983. However, the current Road Transport Act of 2018 makes it optional. Thus, the income from the sector has dropped dramatically since the insurance requirement was removed.

We are tenacious in our goal of delivering sustainable increase in value for our stakeholders, and FY 2022 was no exception. Despite an extraordinarily hard external climate with headwinds coming from all angles, we made major progress in our performance, thanks to our digital readiness, excellent customer service, and solid growth in the targeted categories. Our Gross Written Premium (GWP) increased 21.54% year on year to Tk. 15.74 crores and were able to achieve net addition of 751 clients, thus taking our total base to 27,216 clients at the end of the year.

Coming to our key performance metrics for 2022, the total income of your company was Tk. 96.94 crores, as compared to the previous financial year's

total income of Tk. 84.70 crores. For the financial year under review, the Company posted a net profit of Tk. 15.36 crores, as against a net profit of Tk. 11.47 crores in the previous financial year. Likewise, earnings per share or EPS stood at Tk. 2.25 in 2022, vs. Tk. 1.68 in 2021. The company's weighted new business premium grew by 28.46% in 2022 Tk. 58.46 crores over the previous year Tk. 45.51 crores. Renewal premium Tk. 20.73 crores grew by 16.40% Tk. 17.81 crores in 2021, resulting in total premium growth of 25.06% Tk. 79.19 crores in 2022 over the previous year Tk. 63.32 crores.

The pandemic has resulted in bringing to light the importance of insurance as a necessary investment. People have begun to understand the importance of protection in financial planning amid growing uncertainties in income and medical costs. This awareness is expected to be a growth catalyst for the company over the medium to long run and hence is a contributory factor to boosting our performance.

Bangladesh's low insurance penetration rate along with low insurance density also provides a huge fillip to penetrate the underserved segments. The resultant impact is expected to drive higher demand for insurance products, thereby leading to sustainable growth for the company in the future.

Even though Bangladesh has one of the most appealing health and general insurance marketplaces in the world due to widespread category under-penetration, it would be credulous to assume that the runway is level and smooth.

The difficulties on this runway stem from the nature of the product. An insurance policy is a complicated financial instrument. The sales process is time-consuming and engaging. The engagement process is inherently consultative; one must fully understand a prospective consumer - spanning age, geography, income, family lineage, and anticipated demands - before the appropriate insurance policy can be suggested. Inevitably, the sales process needs a knowledgeable intermediary whose goal is not so much to sell as it is to educate; the purpose is not so much to suggest as it is to empower the prospect to reach an informed conclusion. Furthermore, there are problems connected to raising awareness, simplifying insurance products, and expanding the role of technology in improving product awareness, accessibility, and availability.

City General Insurance has approached these challenges from a unique standpoint. This viewpoint can be codified in the single sentence of putting ourselves in the shoes of our customers and doing what is best for them.

Digitalisation has been the most significant step in improving the customer's value offering. We have always believed that we have a better chance of gaining a lifelong client if we make it simple for them to contact us, answer their inquiries in real time, and instil the notion that someone at City General Insurance is truly interested in assisting them in making their decision. We have evolved the concept that we are not so much a health insurance business devoted to selling insurance products as we are a trusted friend who will advise the consumer best on how to be protected.

In response to a dynamic and ever-changing marketplace, we are rethinking our work procedures and innovation pace.

Today, we are a truly customer-driven organisation with a solid foundation from which to innovate and grow. As we scale up to our future potential, we will continue to introduce new products and services to capitalise on new growth avenues, harnessing our levers of agility, digitality, versatility.

In the future, we intend to enhance our focus on augmenting certain segments of our retail portfolio, such as health insurance, marine insurance, etc. These are more viable with sound profit contribution. Thus, progressive portfolio transformation in the future will release value-accrutive outcomes for our shareholders and stakeholders.

We want to be the most desired employer and general insurance company in Bangladesh. Our primary focus will be on developing a more sustainable company model based on the solid pillars of customer-centricity, employee engagement, prudent risk underwriting and control, solvency sufficiency, technical competence, and enhanced distribution network and channels.

As I close this year's evaluation, I want to take this opportunity to thank all of our staff for their great devotion and performance, especially during this difficult time, as well as our clients, agents, bankers, shareholders, and all other stakeholders for their unwavering support. We are also appreciative for the direction and assistance provided by the Insurance Development and Regulatory Authority of Bangladesh (IDRA), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange PLC (CSE) and other regulatory bodies. City General Insurance will continue to operate as a cohesive team, level up for developing stronger procedures and platforms, provide relevant products, and retain a focused emphasis on customer-friendly services in these trying times. We will nurture and harvest emerging prospects, try to improve our scalability and sustainability, and focus on growth. We can do it together, and we will overcome our problems today to pave the road for a brighter tomorrow.

As we enter the new year, we do so with renewed vitality and confidence. We feel the moment has come to expand our footprint to every home in Bangladesh by fully using the potential of our present relationships in every part of the nation and identifying and capturing valuable pools of business.

We sincerely thank all of our customers, staff, partners, regulators and stakeholders for their continuous support and faith in our brand. You are unique to us and help us to be the great organisation that we are. We look forward to serving and collaborating with all of you to guarantee that we continue to establish new standards in insurance and strive for the development of our environment, society and country.

Thank you and best wishes to you and your family!



Md Shamim Hossain

Managing Director & CEO