



# Directors' Report

Bismillahir Rahmanir Rahim

**Dear Shareholders**

**Assalamu Alaikum**

On behalf of the Board of Directors we are very happy to welcome all and have the pleasure to present before you the Annual Report containing the Directors' Report and Auditors' Report along with the Audited Financial Statements including Statement of Financial Position as of December 31, 2024, Statement of Profit or Loss Account and Other Comprehensive Income, Consolidate Insurance Revenue Account, Statement of Changes in Shareholders' Equity, Statement of Cash Flows, Notes to the Financial Statements and Summary of Management Expenses for the year ended December 31, 2024.

This Directors report have made relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance, operations and achievements of the company for the year ended 31<sup>st</sup> December, 2024. In fact, the year 2024 is most significant for the Company in view of performance and achievements not only within the industry but also in the entire economy of the country as well.

## World Economy

The global economy is facing substantial headwinds, emanating largely from an increase in trade tensions and heightened global policy uncertainty. The year 2024 world economy for non-life insurance is expected to remain stable, driven by robust underwriting and investment income, although the macroeconomic and geopolitical landscape poses challenges. Profitability is anticipated to be stable or improve, supported by investment returns. Key trends include a focus on growth through new business, strategic acquisitions and digital transformation. Many countries have provided large scale macroeconomic support to alleviate the economic blow, which has contributed to a recent stabilization in financial have cut policy rates and taken other far reaching steps to provide liquidity and to maintain investor's confidence.

The outlook for the insurance sector in 2024 remains stable, albeit amid an uncertain macroeconomic and geopolitical landscape. Non-life insurers are expected to maintain or improve solvency ratios through strong capital reserves and effective risk management, despite challenges including interest rate volatility and longevity risk. Non-life insurers are expected to sustain stable solvency ratios, supported by robust underwriting and investment income. Proactive asset-liability management (ALM) and stress testing aim to keep liquidity risk within acceptable limits despite market volatility. Profitability is expected to remain stable or improve, supported by investment returns. Insurers are focusing on growth through underwriting new business, making strategic acquisitions, repositioning assets and leveraging digital tools and artificial intelligence (AI)-driven analytics to improve efficiency and customer engagement.

### Bangladesh Economy

The current landscape of Bangladesh presents a complex picture of economic challenges amid political transition. The country stands at a critical juncture following significant political upheaval in 2024, with attempting to navigate economic pressures, energy challenges, and shifting geopolitical alignments.

The Bangladesh non-life insurance industry in 2024 is experiencing a mixed economic performance but profit margins declining for many companies due to increased claims and ongoing economic challenges. The industry is also dealing with significant issues in claims settlement. The non-life segment saw growth in 2024. Despite the premium growth the profits of most non-life insurers declined due to a drop in marine and fire insurance business. The sector faced a major challenge with claims settlement in 2024. Performance is heavily impacted by broader economic conditions, including a slowdown in GDP growth, a challenging business environment, and difficulties in the banking sector, which affect the non-life insurance market. The market is projected to grow, driven by increasing awareness of risks and demand for coverage, but faces significant hurdles related to investor confidence and regulatory issues. The Insurance Development and Regulatory Authority (IDRA) has promised to take action against companies with poor claim settlement rates.

### Industry Outlook and Possible Future Development

At the time when economic indicators are doing better and economy is growing steadily, Bangladesh's insurance penetration meaning premiums as a share of GDP is the lowest among the emerging Asia-Pacific nations.

Addressing the problems and the prospects of the

insurance business in Bangladesh, past studies pinpointed several problems such as human resource, operational, marketing and ethical problem, lack of awareness, lack of government supervision and lack of promotional negative image.

The insurance industry of Bangladesh is highly competitive. Key factors affecting the performance of the industry during the period included fierce competition in the non-life segment, the rising market shares of private insurance companies and the increasing level of risk being retained by insurers. By streamlining the regulatory infrastructure in terms of data warehousing, governance, systems, resources and processes in adjustment with international insurance standards such as the International Association of Insurance Supervisors (IAIS); Bangladesh can exhibit a reliable and well-balanced insurance platform. In short, rehabilitation of insurance regulations promulgated by IDRA could surely result in multifold positive impacts on the economy of Bangladesh.

### Risk Concern

Non-life insurance business involves assumption of risk many types of hazard, physical as well as moral. Physical risks are identified as those caused by natural catastrophes, accidental losses and man-made disasters. The key to proper management of insurance business risks is to make sure proper selection of risks as well as of the clients through a vetting process known as underwriting. Non-life insurance business growth also closely related to the country's economic development and any slowdown in the economic activities also has adverse impact on the insurance industry's growth. South Asia Insurance Company Limited being aware of these business risks and ensure the following practices to protect its interests; (a) Selection of the risks which have potential of making underwriting profit. (b) Diversification into many segments of business, product wise, as well as client wise, so that the company is not over reliant on any particular segment; (c) The company arranges adequate reinsurance back up of risk assumed by it with good quality securities; and (d) The company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen developments in the future.



## Financial Activities in 2024:- 01. Financial Growth

Figure in Million

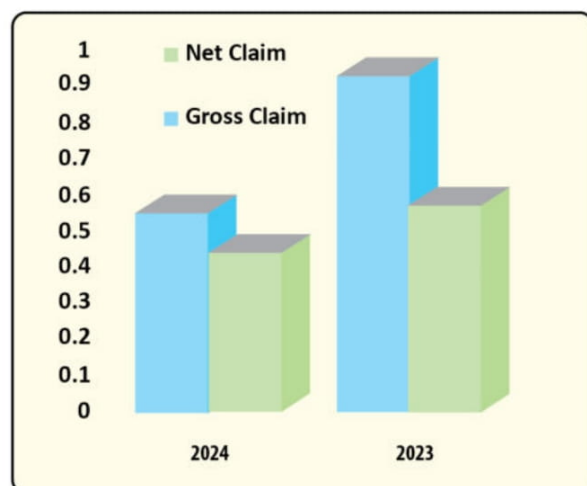
Particulars	2024	2023	Growth
Gross Premium	707.58	648.33	9%
Net Premium	438.87	325.37	35%
Investment and others Income	18.11	16.88	7%
Operational Profit	73.15	50.62	44%
Net Profit after tax	33.52	32.58	3%
EPS	1.39	1.35	3%

### 02. Earnings Per share (EPS)

Net profit before tax of the company stands at tk. 47.12 million during the year 2024. Earnings per share after tax 1.39 in the year 2024 compared to 1.35 per share in the previous year.

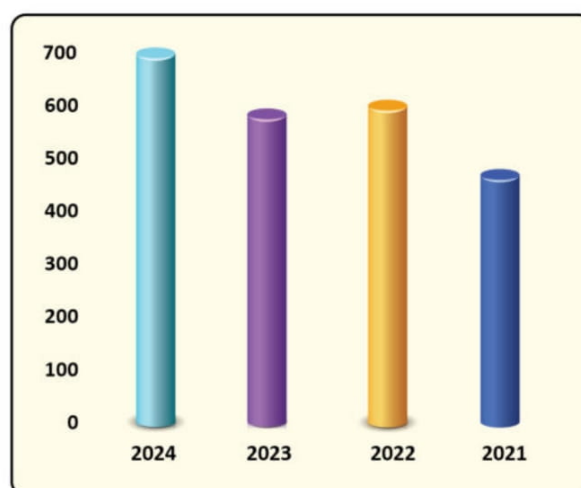
### 03. Claims and Client Service

The gross claim (own) for the year 2024 tk. 31.36 million which was tk. 49.72 million in the year 2023. Net claim paid tk. 32.77 million previous year net claim was tk. 50.86 million



### 04. Premium Income (Turnover)

In the year 2024, SAIC attained gross premium tk. 707.58 million as against tk. 648.33 million in 2023. As increase 9% in the year 2024.



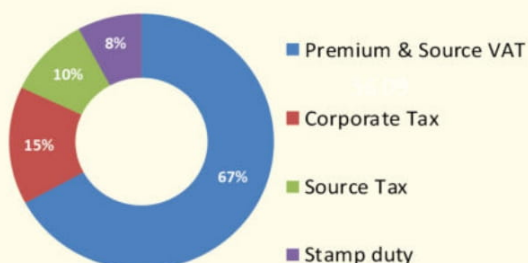
### 05. Contribution to National Exchequer

The collective contribution of the company during the year 2024 to the national exchequer was as under

Figure in million

Particular	2024
Premium & source VAT	48.55
Corporate tax	10.78
Source tax	7.37
Stamp duty	12.10

### Contribution to National Exchequer



### Directors Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board Meeting. As per IDRA reference letter No. 53.03.0000.009.18.123 dated 31st May, 2018 directors are eligible for remuneration of BDT 8,000 for attending each meeting.

### Maintaining Proper Books of Accounts

The director's responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in good order. The books of accounts are kept at the registered office of the South Asia Insurance Company Limited.

### Appropriate Accounting policy Followed

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.

### Effective Internal Control System

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. Board of directors has the responsibility for approving the review of overall business strategies and significant policies of the internal control system.

### Retirement and Re-election of Directors

As per Companies Act, 1994, each year one-third of the Directors retire from office at the Annual General Meeting (AGM) and if eligible, may offer themselves for re-election by share-holders at the Annual General Meeting. In line with the requirement of Company Act, 1994, the following Directors will retire and being eligible re-elected as Directors.

1. Ms. Nahida Sultana
2. Mr. Mohammad Mahbubur Rahman Molla
3. Mr. Sarker Nesar Ahmed

### Acknowledgement

The members of the Board of Director of South Insurance Company Limited wish to express gratitude to all hon'able shareholders, valued clients for their patronage and support. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from office of the Chairman, Insurance Development & Regulatory Authority (IDRA), all concerned Government Offices including Ministry of Finance, Ministry of Commerce, Sadharan Bima Corporation, Bangladesh Bank, all Nationalized Banks, Commercial Banks and Financial Institutions, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. National Board of Revenue (NBR), Bangladesh Insurance Association (BIA). The Board members also pleased to put on record their appreciation for the commitment and dedication extended by the management of the Company.

Thank you all



**Nahida Sultana**  
Chairman