



DIRECTORS' REPORT

Bismillahir Rahmanir Rahim,

Dear Shareholders, Assalamu Alaikum,

The Directors of Popular Life Insurance Company Limited are pleased to present the Directors' Report and Auditors' report together with the audited financial statements (Consolidated and Standalone) for the year ended on December 31, 2021. The directors' report highlighted the performance of the company and presents the necessary disclosures in relation to good corporate governance.

Industry outlook:

The life insurance industry is an integral part of the Country's economic growth, which plays an important role in growth of economy of a country. In the existence of 35 life insurance companies in the country, the rate of national growth from the life insurance sector in the country is 0.50 Percent, well behind average of 3.30 percent of the emerging market. The future development of this sector has become dependent on the overall co-operation of the Government and stakeholders.



Financial Result:

Consolidated life revenue account shown a Balance of Fund of Tk. 1791.52 Crores after tax and Dividend. During the year gross premium income of the Company was Tk. 650.58 Crore.

Company has incurred Management expenses of Tk. 254.27 Crore. The Board and the Management are closely monitoring the Management expenses.

The summary of premium income under schemes has been given below.

Particulars	2021 (In crore Taka)	2020 (In crore Taka)
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First year premium :

Individual Life	27.14	31.08
Janapriya Bima	27.46	21.65
Islami Bima (Takaful)	25.68	27.47
Al-Amin Bima	51.80	64.31
Islami DPS Bima	20.38	17.67
Popular DPS Bima	9.57	7.22
Al-Barakah Islami Bima	21.48	17.05
Al-Barakah Islami DPS Bima	12.42	12.98
Janapriya Akok Bima	10.80	9.74
Al-Amin Akok Bima	15.54	20.53
Islami DPS Khudra Akok	4.30	5.75
Janapriya Khudra Akok	3.85	4.25
	230.43	239.71

Particulars	2021 (In crore Taka)	2020 (In crore Taka)
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Renewal premium :

Individual Life	46.47	49.22
Janapriya Bima	39.59	30.76
Islami Bima (Takaful)	40.83	37.45
Al-Amin Bima	116.25	84.59
Islami DPS Bima	39.03	20.29
Popular DPS Bima	13.98	12.41
Al-Barakah Islami Bima	26.02	33.94
Al-Barakah Islami DPS Bima	19.39	14.20
Janapriya Akok Bima	15.43	13.60
Al-Amin Akok Bima	40.56	36.25
Islami DPS Khudra Akok	12.64	7.98
Janapriya Khudra Akok	9.95	10.37
	420.15	351.06
	650.58	590.76



Group Insurance	0.18	0.10
Life Fund	1,794.78	1,758.15
Claim	442.69	339.91
Management Expenses	254.27	254.18
Commission to Insurance Agents	69.40	74.55
Allowances & Commission (other than Commission included in above)	27.03	27.01
Administrative & other expenses	157.84	152.62

Extra-ordinary gain or loss:

No extra ordinary activities occurred during the year and have no implications in the financial statements.

Related party transaction:

No significant related party transaction observed during the period. Notes of related party transaction has been provided in Note No. # 36 of notes to the Financial Statements.

Remuneration of directors including independent directors:

Directors are not eligible to get any remuneration other than attendance fees for the Board meeting and meeting of the committees.

Financial statements:

The financial statements prepared by the management of the company which reflect fairly its state of affairs, the balance sheet, Life revenue account, Life insurance fund, cash flows, notes to the financial statements including a summary of significant accounting policies and other explanatory information and changes in equity. The Management discussion analysis, Last five years performance, directors and committee's meetings attendance, certificate of CEO & CFO on compliance of IAS or IFRS, estimates and judgements related to the financial statements to reveal a true and fair view, the management's use of the going concern basis of accounting, Materiality of transaction and Maintain code of conduct of the boards are disclosed in the annual report and audited financial statements.

A qualified opinion disclosed on the auditors' report of the company which is related to not set aside due part of its profit for the year in relation to Worker's Profit Participation and Welfare Fund as required under the Bangladesh Labour Act. 2006.

Subsidiary:

The Company has 02 (two) Subsidiaries. The audited financial statement of 1) Popular Life Securities Limited; and 2) PLI Asset Management Limited are disclosed in the annual report.

**Life Fund and Life Revenue:**

Apart from premium income, other income avenues of the company were also competitive, however the trend of life revenue accounts were increasing in number. Income from interest on fixed deposits was less than from last year and dividend received from shares was increased from last year. Whereas profit from sale of shares is Taka 26.23 Crore. Total Life Fund of the Company as on 31st December 2021 stood at Tk. 1,794.78 Crore as against Tk. 1,758.15 Crore in the preceding year.

Claim:

In perspective of claim settlement company paid insurance claim of Tk. 442.69 crore which was Tk. 339.91 crore in 2020. This was remarkable and a success for the company as well.

Actuarial Valuation:

The Board of Directors of the Company decided to conduct Actuarial Valuation yearly and accordingly the Actuarial Valuation of the assets & liabilities of the Company as on December 31, 2021 was carried out. The Valuation results have shown a surplus of Tk. 272.97 crore out of which Tk. 197.83 Crore have been allocated for Bonus to policyholders.

Services to Policyholder:

The reputation and progress of the Company largely depend on prompt and efficient services rendered to the policyholders. Keeping this in view, we have further strengthened our services through automation of working systems and operation environment.

A large network of several hundred offices in the rural as well as urban centers throughout the country renders all necessary services to the policyholders. The management trying to make digitalized to its Zonal & Regional Offices gradually and by now activities of many Zonal Offices has already been computerized.

The settlement of claims is a very important aspect of services to the policyholders. Hence the Company has laid great emphasis on expeditious settlement of maturity, survival as well as death claims. From last few years the Company has decentralized the claims settlement operation through Zonal & Regional Offices for rendering prompt services to the policyholders. During the year, the Company has settled claims for Tk. 442.69 Crore.

On the other hand, claims by maturity have been coming up in larger quantum in commensurate with the service length of Company.

Human Resources Management:

Insurance industry is a place where services of experienced hands are absolutely necessary. PLICL is fully aware of this fact and from the beginning of its formation it tried sound insurance experts hire and other executives from the insurance field of the country with attractive compensation package. Apart from normal compensation package, PLICL has introduced employee benefits like festival bonus, gratuity, contributory Provident fund, earn leave, sick leave, maternity leave for female employees, group insurance, Housing in order to increase work efficiency, at different level of emplacement. PLICL organizes



training for its employee on regular basis. PLICL organizes in house training from time to time in 2021 for the field workers and others related with policy sales, underwriting, claim management, Re-insurance and practice of Takaful system.

Board of Directors:

☐ Board composition:

The Board of Directors of the Company is having 12 (twelve) members. 04 (four) of them are Independent Director.

☐ Independent Directors

Mr. Mohammad Atik Akbar, Mr. Md. Abu Kausar, Mr. Mohammad Habibul Bahar and Dr. Md. Abdul Mannan Bhuyean are the Independent Directors of the Company.

Sponsor Directors:

In accordance with Article 83(1) of the Articles of Association of the Company, 02 (two) sponsors directors shall retire from office at the 22nd Annual General Meeting. The retiring Directors are:

1. Mr.;
2. Mr.....

Being eligible they offered themselves for re-election.

Changes in the Directors:

During the Financial Year 2020-21, Dr. Md. Abdul Mannan Bhuyean is appointed as Independent Directors of the Company on August 24, 2021. Mr. Hasan Ahmed, Director and past chairman of the company was expired on January 24, 2022.

Public Subscribers' Directors:

In accordance with the provision under Article 83(2) of the Articles of Association of the Company and as provided under Insurance Act Director, Mr. Mohammed Amir Hossain Chowdhury and Mr. Mohammed Zahirul Islam Chowdhury shall retire from the office by rotation and being eligible offer himself for re-election.

Public notification in regard to election of Public Subscribers' Director has been published in the 02 (Two) national dailies namely The Daily..... & The Daily

Sub-Committee:

In order to continue un-interrupted success flow of the Company and ensure good governance the Company has established 05 (Five) sub-committees named as Audit Committee, Claim Committee, Real Estate Committee, Investment Committee and Nomination & Remuneration Committee (NRC) respectively. The main objectives of these committees are to protect the interest of the subscribers of the Company along with to ensure the interest of the Company in some specified concerns and perform every related task of it with a transparent view. A separate report on Corporate Governance is provided as part of the Annual Report.



Audit Committee of the Board:

For ensuring transparency & accountability in the operations of the Company to ensure that the activities are conducted within the framework of principles and policies as laid down by the Board, as well as the guidelines of the Securities and Exchange Commission's notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. The Audit Committee reviewed the financial statements of the Company for the year ended 31st December, 2021 audited by the External Auditors stressing on the importance of the compliance culture within the Company.

Nomination and Remuneration Committee (NRC):

In compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 and dated June 3, 2018 issued by the Bangladesh Securities & Exchange Commission, Popular Life Insurance Company Ltd. established a Nomination and Remuneration Committee (NRC) which is a sub-committee of the Board of Directors. The NRC shall be independent and responsible or accountable to the Board and to the Shareholders of the Company.

Dividend:

The Board of Directors has recommended 40% cash dividend against each share of Taka 10(Ten). While recommending the dividend the Board of Directors has taken into consideration the results of Actuarial valuation for the year ended 31st December, 2021 and the life Fund as on that date.

Auditors:

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S. G. KIBRIA & Co. Chartered Accountants shall retire at the 22nd Annual General Meeting. Being eligible offered themselves for re-appointment for the year 31st December 2022.

Risk Management:

Business and risk are impenetrably connected with one another. They are alike two sides of the same coin. In comparison with other business risk level of insurance business is significantly mentionable. Risk is the component of uncertainty or probability of loss which is very important for insurance business. Sound implementation of legitimate and calculated risk management are the fundamental to long run success of insurance industry. One of the prime objectives of the Company is to protect the interest of stakeholders and implementation of risk management by strengthening, increasing of power & delegation and executing of optimal level of control. In consequence the position and reputation of the Company will be increased as a life insurance Company in the society which will ultimately cooperate to fulfill the social responsibilities.

Corporate Social Responsibility:

We are dedicated to stand in good move with effective, positive and principled engagement with our stakeholders; looking at making our operations lucrative, but beyond short-time gains. We always keep our awareness to consume less power energy, reduce the use of fuel and harmful emissions. Popular Life Insurance Co. Ltd. always acknowledges its social responsibilities, as it is an inseparable part of the society. The Company is always aware about its social responsibilities and also devoted to accomplish such responsibilities at a regular basis. As the



main component of insurance business is deployed from the society therefore to perform various types of developing and awareness building program is always very significant one to the Company. Our corporate social responsibility covered all related parties of the Company.

Corporate Governance:

The company has complied with all the necessary guidelines under BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. A certificate of Compliance required under the said Guidelines, as provided by M/S. Ahmed Mashuque & Co., Chartered Accountants, is annexed in the Annual Report 2021.

M/S. Ahmed Mashuque & Co., Chartered Accountants, have expressed their interest to be appointed as Corporate Governance Compliance Auditors of the Company for the year 2022. The Board of Directors has accepted the willingness of M/S. Ahmed Mashuque & Co., Chartered Accountants, for appointment as Corporate Governance Compliance Auditors for the year ending 31st December, 2022, which is being placed in the 22nd Annual General Meeting for approval.

Directors' Responsibility Statement:

With regard to responsibilities for preparation and presentation of the Financial Statements, the Directors confirm that:

1. The financial statements together with the notes thereon have been drawn up in conformity with the companies Act, 1994, Insurance Act. 2010, Insurance Rules 1958 and securities and Exchange Rules 1987. These statements present fairly the Company's statement of affairs, the result of its operation and cash flow;
2. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating material departure, if any;
3. The Directors had selected each accounting policy and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the results of the Company for that period;
4. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company's Act, 1994, Insurance Act, 2010, Insurance Rules 1958 and Securities and Exchange Rules 1987 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
5. The Directors had prepared the annual accounts on 'Going Concern' basis;
6. The Internal Control system is sound in design and effectively implemented and monitored;
7. The key operating and financial data of the last five years is annexed as Financial Highlights.



Evolving Technology:

The Company has pursued the care of technology, with due diligence, to yield forward its operations. Latest technology hence has played a vibrant role, reforming the operations cost commendably and ranging progressive insurance solutions. Countrywide our offices are being gradually brought online. We have an updated websites containing all relevant information both for the subscribers and potential investors.

Contribution to the National Exchequer:

The Company has contributed Tk. 18.38 Crore to the National Exchequer during the year 2021 in the form of direct and indirect taxes and other mandatory contributions as per existing law.

Business Plan for 2022:

The Company has set up its business strategy for the year 2022 for boosting up of its Individual life, Janapriya Bima, Islami Bima (Takaful), Al-Amin Bima, Islami DPS Bima, Popular DPS Bima, Al-Barakah Islami Bima, Al-Barakh Islami DPS Bima, Janapriya Ekok Bima, Al-Amin Ekok Bima, Islami DPS Khudra Akok and Janapriya Khudra Akok division. Management of the company believe that, if the economic and political condition will remain steady, it will be possible to meet up the target plan.

Acknowledgement:

On behalf of the Board of Directors, I take this unique opportunity to thank all our honorable shareholders, Directors, Members of Shariah council and Managing Director for their continued support & co-operation. I also express my sincere gratitude to our valued policyholders, the office of the Insurance Development and Regulatory Authority, concerned Ministries, Registrar of Joint Stock companies & Firms, Securities and Exchange Commission, office of Dhaka & Chittagong Stock Exchanges, our Bankers and other esteemed well-wisher for their co-operation, support & confidence.

I also appreciate for the contribution made by all the employees for good performance and growth that the Company has achieved during the year and looks forward to their continued involvement, commitment and dedication to enable it to reach greater heights in the life insurance industry.

On behalf of Board of Directors

Md. Motaher Hussain
Chairman

Dated Dhaka
28 July 2022