

Internship Report

On

Investment Policy of SadharanBima Corporation

Submitted to:

Shah-Noor-Rahman

Assistant professor

Department of Business Administration

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Daffodil International University

Submitted by:

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Letter of Transmittal

Date: 3 December 2018

To

Shah-Noor Rahman

Assistant professor

Department of Business Administration

Daffodil International University Bangladesh

Subject: Submission of Internship Report on Investment Policy of “SadharanBima Corporation”.

Dear Sir,

It is my great pleasure to submit you my internship report's on **Investment Policy of “SadharanBima Corporation”**. I have tried my best to complete this report properly following the guidelines provided by you and concerned organization.

I have confidence that the internship program has increased both of my practical experience and theoretical knowledge to a great extent. I will be obliged to answer any query that may arise during the evaluation of this report. So, I am fervently requesting and hope that you would be kind enough to accept my report and oblige thereby.

Sincerely Yours,

Name: Md. ForhadHossain

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DECLARATION

I am Md.ForhadHossain the student of Bachelor of Business Administration (BBA) bearing ID: 151-11-4413major in Finance from Daffodil International University, Bangladesh would like to solemnly declare here that an internship report on “Investment Policy of SadharanBima Corporation” has been authentically prepared by me. While preparing this internship report, I didn't't breach any copyright act intentionally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Name: Md.ForhadHossain

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CERTIFICATE



This is to certify that an internship report on “Investment Policy of “*SadharanBima Corporation*” for partial fulfillment of the degree of Bachelor of Business Administration (BBA) major in Finance from the Daffodil International University Bangladesh carried out by Md.Forhad Hossain, ID NO: 151-11-4413 under my supervision. Under my guidance and supervision this paper is being carried out successfully. No part of this paper has been submitted for any degree diploma, title, or recognition before.

I wish him every success in life.

A handwritten signature in black ink, followed by the date "29/12/18".

Shah-Noor Rahman

Assistant professor

Department of Business Administration

Daffodil International University

ACKNOWLEDGEMENT

In the Beginning of the report I would like to praise the almighty for give mental strength and aptitude to complete this report at sufficient time. I also thankful to my supervisor and course teacher Shah–Noor Rahman, Senior Lecturer, department of Business Administration, Daffodil International University for his Suggestion and Guidelines. I am also highly indebted to him for his scholarly and constructive suggestion which was of much assistance to prepare this report on SadharanBima Corporation (SBC).I also grateful to all the department employees, managers and staff for give suggestion and valuable information that help to making this report.

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EXECUTIVE SUMMARY

Internship refers to a joint program in which business schools and business house co-operate. The prime objective of such program is to provide students on the job exposure and the opportunity to translate the bookish knowledge in real life situation.

SadharanBima Corporation stands as insurer of public sector assets on its own behalf and also on behalf of private sector general insurance companies and also playing a role of national reinsurance to the reinsurance industry. It also contributes to the GDP of our country but it is still in a primary stage. Though limited but contributes of insurance business in the economic development of the country are very important. The premiums collected by SBC play a major role in building up national capital. This sort of capital can increase overall production by investing in different sectors.

The main objective of this report is to give an overview about the investment policy of SadharanBima corporation from the period of 2012 to 2016. The study aims to focus on the key topic of investment policy of SadharanBima Corporation and its investment portfolio, the sectors in which they invest their capital, investment trends and also about details of financial performance & statement senior and activities of SBC. In the last major findings and recommendation will be given about the topic as per the report.

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CHAPTER-1

1.1 Introduction:

Insurance industry plays an important role in the economy of Bangladesh. The insurance sector of Bangladesh is highly competitive. In our country Insurance companies act with many insured policy holder and equity. All the uncertainty of risks is being shared with their re-insurer holders. By holding all insecure business risk in insurance companies continued the field of insurance business performance in our country. Insurance provides the security of indemnity and support to collect the capital and promote a new business and develop the actual business.

expansion in insurance coverage is heavily combined with rising incomes the improvement of an increasingly practical banking sector, and lower the risk of inflation. The powerful contribution of rising incomes to bigger insurance coverage efficiently matured to demand factor, supply factors (it becomes more cost-effective to provide insurance as the economy expands, providing both a stronger institutional environment and greater returns relative to transactions cost), or a combination.

1.2 Motive of the study: -

The main topic of the report is Investment policy of sadharanbimacorporation (SBC). To formulate this report, I visited SBC Head office and by visiting I got opportunity to see the practical picture of their official activities. I have learned many more and gather knowledge about sadharanbima corporation such as their history, rules and regulation, objective, official structure, business action, risk management system, investment policy, revenue and expenditure, profit and loss, how they operate and fulfil their customer claims, Insurance procedure and many more. Academic study has a great value when gain practical application in real life. Such live knowledge is possible through internship. Internship program brings student come closer to the real life situation and thereby helps to start a career with some prior experience.

1.3 Objective of the Study:

The main objective of this report is to give an overview about overall investment policy of SBC for the period of 2012–16. However, the others objectives of the report are given below:

- To analyze the Investment policy and activities of SBC.
- To know about investment portfolio.
- To Evaluate the Investment Performance of SBC
- To know about financial statement and performance of SBC
- To analyze different Investment modes of SBC
- Earn knowledge about Investment procedure and sources
- To suggest possible measures & recommendation of improving performance of the investments.

1.4 Methodology:

After arranging the data from the discussion and materials given by them, primarily collected data are carefully summarized & formed as required. To make this report clear and effective two sources of data and info are used which is given below:

Data Collection:

Primary data:

Firstly, some data are collected from face to face discussion with the employees, officers, Managers and DGM of sadharanBima Corporation

Secondary data:

- Practical desk work.
- Official files documents
- Website of sadharanBima Corporation.
- Annual report book of SBC.
- Different books, training papers, manuals etc. related to the topic.
- Various department of SBC.
- Face to face conversation with employees, staff, officers

1.5 Scope:

It was grateful to work in the Head office of SadharanBima Corporation. By This work in SBC I have get myself introduced with the official activities for the first time. I learn many more and get opportunity to gather experience by working in the different Department of the sadharonbima corporation head office. This study understandable about the real condition & practical knowledge overall performance especially the Investment Policy of SadharanBima Corporation working in Bangladesh. By preparing this report It also helped the way of gathering more practical knowledge about insurance business.

1.6 Limitations of the Report:

- Inadequate records, disclosure, fact and parts are not available. These limitations narrowed the capacity of original analysis.
- Just 3 month of internship curriculum is not enough time to find out all the relevant information about large project of SBC.
- Because of some extra hardness and internal reason some employees of sadharonBima Corporation restrict to supply more information.
- The sadharonbima corporation is a big financial corporation that's why within this short period of time understand all aspect of its activities is not possible
- Advanced and recent data information on various department and activities was inaccessible.

CHAPTER-2

2.1 History of Insurance Development of Bangladesh:

Afterwards the liberation in 1971, the govt. of people republic of Bangladesh, nationalized the insurance business as well as banks in 1972 by Bangladesh presidential order no. 95 by virtue of this order. All organization and insurance companies transacting various types of insurance business in Bangladesh come under this nationalization order. This order was followed by the life and non-life sector of five insurance companies. After this order, on 14th may, 1973 further change is occurred. The insurance corporation act VI, 1973 formulate of two corporations 1. sadharanbima corporation for general insurance & 2. jibonbima corporation for the life insurance in Bangladesh. After this creation of two corporations the sadharanbimacorporation (SBC) appear on 14th may, 1973 under insurance corporation act no VI of 1973 as the state own organization to cooperate with all the general insurance and re-insurance business in Bangladesh. After that sadharonbima corporation is act as sole insurer of general insurance until 1984. The people republic of Bangladesh permitted the private organization to operate business in all area of insurance first time in 1984. The private sector gains this opportunity seriously and came forward to build private insurance companies via promulgation of the insurance corporations authorization ((LI of 1984)). Now in Bangladesh insurance industry there are two state-owned corporations 45 and 30 private sector general and life insurance companies, a total number of 77 insurance companies. The insurance industry of Bangladesh contributes to the economic development in our country. The government committed to promote development of the sector of insurance is of excessive consequence for its bright future.

2.2 Profile of SadharanBima Corporation:

SadharanBima Corporation is only state-owned General Insurance Corporation operating via the direct control of the Ministry of Finance, Government of the People's Republic of Bangladesh. With the evaluation of Bangladesh as an independent nation, insurance industry was nationalized along with banking and other major industrial sector. At the initial stage of the nationalization of insurance industry, five governmentsowned insurance corporations including one controlling corporation were set up. Due to difficult experience in operation, the insurance industry was further reconsolidated in 1973 by passing the insurance corporations Act VI of 1973 and establishing two corporations – one for general insurance in the name of sadharanBima Corporation and one for life insurance in the name of jibonBima Corporation. By virtue of the insurance corporation act VI of 1973, sadharanBima Corporation was honored as the sole insurer for the non-life insurance business in Bangladesh. This monopoly it enjoyed till 1984 when the government amended the insurance corporation act, 1973 by ordinances no L and LI of 1984 allowing for the formation of insurance companies in the private sector to underwrite the general insurance business for the private sector insurance business only. In the year 1990 the insurance corporation act, 1973 was further amended by the insurance corporation (amendment) act, 1990 wherein it was provided the fifty percent of all insurance business relating to public property shall be placed with sadharanbima corporation and the remaining 50% of such business may either be placed with the corporation or with any other private insurers in Bangladesh. But for practical reason and in agreement with the Insurance Association of Bangladesh SBC underwrites all the public sector business and 50% of that business is distributed among the existing 43 private general insurance companies equally under National Co-Insurance Scheme.

SBC is the sponsor shareholder of Investment Corporation of Bangladesh, Industrial Development and Leasing Company, National Tea Company Limited, National Housing Finance and Investment Ltd, Aramit Ltd, Central Depository BD Ltd.etc. The leading support of the SBC is re-insurance business operation.

2.3 Insurance Industry in Bangladesh -at a glance:

Pre-liberation period- there was 49 insurance companies:

- 1972: Insurance industry was nationalized
- 1973: SBC was established by passing the insurance corporation act VI of 1973
- 1984: allowing formation of private insurance companies Bangladesh
- 1990: Insurance corporation act was named allowing 50% of govt. insurance business by private insurance companies.
- 2010: insurance companies act & created insurance development & regulatory authority.

Members:

- Asian reinsurance corporation, Bangkok
- Federation of Afro-Asian insurers and reinsurers (FAIR)

SadharanBima Corporation-at a glance:

- Established in 1973 under act VI of 1973
- 100% owned by the govt. of people republic of Bangladesh
- Head office at 33, dilkusha commercial area,Dhaka
- Authorized capital: Taka 200 million
- Paid up capital:100 million
- Sole underwriter of all general insurance business in Bangladesh (both public & private sector) till 1984
- Also underwrite private sector business
- National reinsurer for the insurance companies in private sector since 1985

2.4 Vision, Mission & Goals

Vision:

- To become world class insurance & reinsurance organization.

Mission:

- To provide quality service at affordable cost for all insurance and re-insurance business
- Offering top class security, comprehensive, efficient services and professional conduct of business.
- Keep it up the SBC's leading position & performance in the insurance industry of Bangladesh.
- To become an insurance organization/Company of international standard by attaining the highest confidence and trust of all concerned from home & abroad through improved services, dedication, customer care and efficiency.
- Place innovation, technology and knowledge at the heart of the organization's growth.

Goals:

- Venture into other areas Bangladesh and aboard on the strength of SBC`s core competency.
- Enter into and expand new insurance product and services to meet the changing needs of the clients.
- Fulfillment of SBC`s social commitments towards people as a state owned enterprise.

2.5 Strategic Objectives:

- To achieve business targets.
- To increase private sector business through marketing efforts
- To build, maintain and improve the commercial image of the organization and gain recognition as a complement and professional insurer as well as re insurer.
- To overhaul and simplify the administrative system and procedures.
- To attain full computerization and to utilize IT department to its full potential
- To enhance the skills and capability of the employees through continuous training
- To ensure better return from SBC`s investment.
- To protect and expand the real estate sector of SBC through a planned way.

2.6 Corporate Information:

| <u>Corporate Information of SadharanBima Corporation</u> | |
|---|---|
| Logo |  |
| Legal Status | State Owned Organization |
| Registered Office | SadharanBimaBhaban, 33, Dilkusha C/A, Dhaka-1000, Bangladesh. |
| Authorized capital | 200 Crore |
| Paid up Capital | 100 Crore |
| Total Human Resources | 1500 |
| Number of Zonal Office | 08 |
| Number of Branch Office | 81 |
| P. O. Box no. | 607 |
| Fax | 88-02-9564197 |
| Web Site | www.sbc.govt.bd |

2.7 Branch Network:

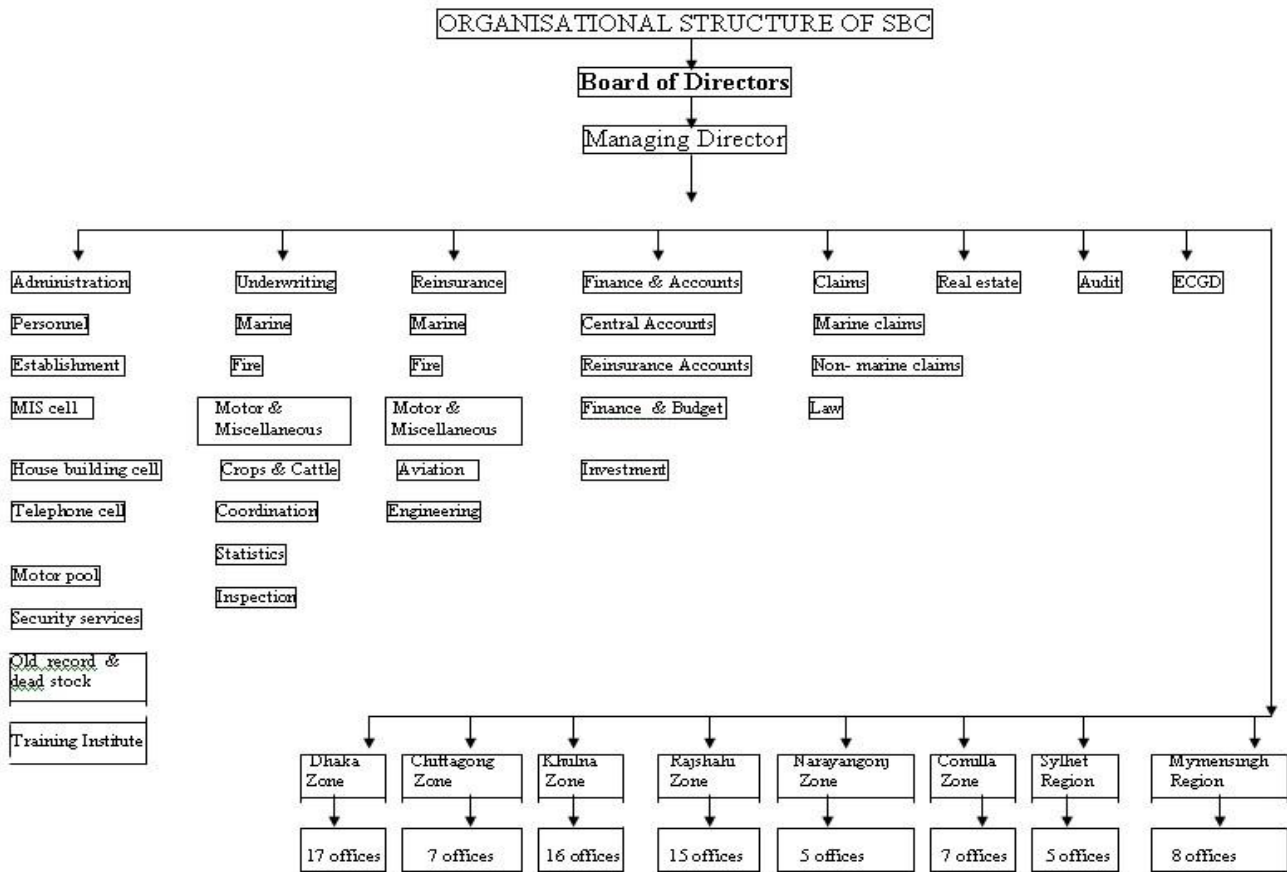
To give good quality service to the insuring association, the board of authority setup 6 Zonal offices at Dhaka, Chittagong, Rajshahi, Khulna, Narayangonj, and Comilla, and 2 Regional offices at Sylhet and Mymensingh. Corporation also set-up offices in various places, especially in the Muffassol Area. SadharanBima Corporation has now 110 offices throughout the country. These offices are smoothly running with near about 1500 Officers and Employees.



Figure: Branch Network

2.8 Organizational Structure of SBC:

Under the statute, Sadharan Bima Corporation is operating by a Board of Directors consisting of 7 members. The chairman and the directors of the Board including the Managing Directors are appointed by the Government. The Managing Director, being the chief executive, conducts and manages the affairs and business of the corporation in accordance with the provisions of the Act, regulations, Government instructions and the resolutions of the Board. He is also guided by the sound commercial principles and business practices guided by the sound commercial principles and business practices.



Major Structure of SBC is given below:

- Managing Director–Chief Executive Officer
- General Manager
- DGM
- AGM
- Manager
- Deputy Manager
- Assistant Manager
- Junior Officer
- Office Staff
- Total Strength

2.9Product Range of SBC:

Property insurance policy:

- Fire insurance policy
- Industrial all risk policy
- Business interruption policy
- Household all risks policy
- Business interruption or loss profit policy

Marine:

- All types of marine cargo policy
- All type of marine hull policy including freight

Motor: -

- Automobile comprehensive policy
- Automobile act liability policy

Engineering: -

- Machinery breakdown policy
- Contractors all risks policy including advance loss or profit
- Erection all risks policy including advance loss and profit
- Electronic all risks policy
- Deterioration of stock policy
- Boiler & pressure vessel policy

Aviation: -

- Aviation hull all risks including war risks policy
- Aviation primary legal liability policy
- Loss of license policy
- Airport liability policy

Misc.Accident: -

- Public liability policy
- Burglary & house breaking policy
- Cash in transit policy
- Cash in safe policy
- Cash on counter policy
- Fidelity guarantee policy
- Employers liability/ workmen's compensation policy
- Personal accident policy
- Peoples personal accident policy
- Peoples accident policy for air travel policy
- Comprehensive air travel policy
- Travelers baggage policy
- Professional indemnity policy
- Product liability policy
- Dread disease policy
- Oversea mediclaim policy for businessholidaytourstudy

2.10 Service Provided by SBC:

1. Reinsurance Service:

In 1985, after formation of private Insurance industry business Government empower SBC to Grant 100 per centre–insurance services to insurance companies in our country. SBC play role as a re–insurer has given support to private insurance industries in Bangladesh in a large way. In view of the large net–worth and confinementability, SBC has approved both treaty and Elective businesses from the private insurance companies. In appreciation of reinsurance, the Insurance Corporation Act 1990 give that 50% of a company’s reinsurance business precondition be placed with the sadharanBima Corporation. And others 50% may be reinsured one of two with sadharanBima Corporation or with any other insurer in Bangladesh or abroad. SadharanBima Corporation is playing direct insurance along with private insurance company’s reinsurance. In Bangladesh SBC is large general insurance corporation that doing direct Business to the chorus of BDT 886 million in 2005. During the carbon period it is re–insurance premium income was 2627million BTd. SBC act as shareholder of Asian Reinsurance Corporation. SBC’s main portfolio covermarine cargo, fire, engineering and aviation. SBC also gain reinsurance business from abroad market by its intermediaries and as well as directly action. The flawless financial backing and rich background earned over the years in the ground of insurance, re–insurance and financial services (which investment, risk improvement services etc.) bear SBC in an excellent area of a professional re–insurer in Bangladesh. At the current growing economy in our country the premium income of Sadharanbima corporation is also growing constantly.

2. Industrial development through equity participation:

SadharanBima Corporation performs an important role for the development of insurance industry in bangladesh. SBC is the promote shareholder of advance Corporation our country, Industrial improvement and Leasing Company, tea company ltd, aramid ltd, National Housing Finance and Investment Ltd, Central Depository BD Ltd etc. SBC has large supply of fixed deposit fund with different commercial banks in our country.

3. Risk minimization services:

Re–insurance & only state owned general insurance industry in Bangladesh SBChas continued its helps to the insurance business in our country with protection. SadharanBima Corporation would consistently effort to give the better customer services fulfillment of insurance, re–insurance and uncertainty management demands and problems to the insurance

business in our country. At the same time, SadharanBima Corporation gives risk minimizes services to its valued clients in such way which is given below:

- Pre-underwritinganalysis services.
- Sadharanbima corporation has the freedom to take the necessary help and guidelinesfrom the abroad re-insurer respecting risk minimizeapproach.
- SBC administrativeappoints professional and specialist surveyors to find out risk and loss before & after loss. It may be quoted that license for the survey firms are issued by the office of the Chief Controller of Insurance, Government of the Peoples’ Republic of Bangladesh.

4. Human resources development for insurance industry:

For development of human resource management in Bangladesh, SBC has provided professional training program for their officer’s employees & staffs both in the country and abroad. Sadharanbima corporation also give professional training for employees & officers of the private insurance companies performing in Bangladesh.

2.11Corporate Philosophy:

1. For Policyholders:

- 1) To give the good and attentive services in each business activates related to their policy holders.
- 2) More professional planning and encourage to the betterment of new insurance services and product line.

2.For Employees:

- 1) By advertising their wellbeing through handsomerewards and brink advantages.
- 2) By giving professional and good training program they discover skilled employees.

3.For Shareholders:

- 1) By forging ahead and consolidating its position as a stable and progressive financial institution.
- 2) By generating profits and fair return on their investment.

4.For Community:

- 1) By domineering our role as a culturally responsible corporate entity in an actual manner.
- 2) By comply closely to national action and objectives there by devoting towards the economic development of the country.
- 3) By defending ethical morals and good methods.

2.12Corporate Social Responsibility:

Sadharanbima corporation is devoted to taking all its activities in insectthat is opposingof the safety of workers, society environment, health, customers, health and the corporation. To carry of this promise, Sadharanbima corporation plays an enduring attempt to comply to the following principles:

- Establish its workers by hopeful allowances and satisfyinginnovation.advertise an environment for development of their skills and personal knowledge of their corporationservices providers by providing training inside the Bangladesh and outside the Bangladesh.
- Undertaking to reach area of leadership in their every business operation and sectors. The corporation is devoted to assuring their performance of business activities to management inconformity with standard honesty, expert, legal standards and reputed corporation governance.
- SBC dream to acquire their performance quality by recognizing, premise, board meeting and better valued policy holders desire. sadharanbima corporation will complete its clients' needs insureto provide good quality services to fulfill their customer need.

CHAPTER-3

3.1 Investment policy:

The policy of investment explains the specification for investing government assets and finds the investment objectives, alternatives & risk of tolerance, constraints on the investment portfolio, and in which way investment program is well handled & monitored. The document itself provides as a communication tool for the staff, elected officials, the public, rating agencies, bondholders, and any other stakeholders on investment guidelines and priorities. An investment policy enhances the quality of decision making and demonstrates a commitment to the fiduciary care of public funds, making it the most important element in a public funds investment program. Investment is stated at its cost of acquisition and interest and profit on investment has been accounted for on cash receipts basis. The statement of comprehensive income reflects income from the investment in shares and debentures only to the extent of distribution from accumulated net profit of the investee company in the form of dividend, which is recognized when the company's right to receive payment, is established and received in cash. Similarly, the statement of comprehensive income also reflects the income on account of the interest on investment, debenture, different kinds of loans, national investment bonds, FDR as well as short term deposits only to the extent of amount which has been received in cash. The basis valuation of individual's investment is noted below:

Investment Function

- **Interest Rate:** The venture work is depending on intrigued rates. More venture happens when intrigued rates are lower and less venture happens when intrigued rates are higher. Lower intrigued rates make all capital ventures more productive and higher intrigued rates make all capital ventures less profitable.
- **Elasticity:** The flexibility of the venture work decides how compelling a alter in interest's rates is in fortifying venture. The more flexible, the more responsive investing is to little changes within the intrigued rate. The less versatile, the less responsive investing is to even expansive changes within the intrigued rate.
- **Shifts:** Move of venture work are caused by salary and desires. When wage increments, businesses run out of abundance capacity and must purchase more plant and hardware to oblige more production.

| Particulars of investment | Basis of valuation |
|----------------------------------|--|
| Govt. securities | At cost |
| Debenture | At cost |
| Shares | Lower of cost or market value except foreign companies shares which are stated at acquisition cost |
| House properties : | |
| 1. Leasehold land | At cost (not valued since inception) |
| 2. other house properties | At cost less depreciation: Depreciation is charged @2.5 p.a on a reducing balance method |

3.2 Economic Factors Related to Investment:

- Agriculture
- Gross Domestic Product (GDP)
- Savings and Investment
- Inflation
- Rates of interest
- Research and technological developments
- Infrastructural facilities
- Political stability.

Investment Policy of Sadharanbima corporation:

Investment policy of SBC are fully different; the investment policies of SBC are:

- Venture to national need sectors.
- Expanded speculation portfolio: Expansion by estimate, segment, geological region, financial reason, securities and mode of investment.
- Inclination to short-term Investment.
- Inclination to venture of little size.
- To guarantee security & safety of investments.
- To see productivity of investments.
- To grant back to government denationalization mechanical program.
- Speculation to exchange and commerce sectors.
- Venture to Outside Exchange (Consequence & Export).

The Objectives and Principles of Investment operations of the SBC are:

- To diversify its investment portfolio by size of investment portfolio by sectors (public & Privets), by economic purpose, by securities and by geographical area including industrial, commercial & agricultural.
- To ensure mutual benefit both for the bank and the investment client by professional appraisal of investment proposals, judicious sanction of investment, close and constant supervision and monitoring thereof.
- To make investment keeping the socio economic requirement of the country in view.
- To increase the number of potential investors by making participatory and productive investment.
- To finance various development schemes for poverty alleviation, income and employment generation with a view to accelerate sustainable socio-economic growth and upliftment of the society.
- To invest in the form of goods and commodities rather than give out cash money to the investment clients.
- To encourage social upliftment enterprises.

SBC securities and investment LTD

SBC Securities & Investment Ltd. (SSIL), a public company limited by shares, was incorporated in with the Register of Joint Stock Commissions & Firms on 23rd September 2010 under the Companies Act, 1994. The company has been established as per Securities & Exchange Commission's (SEC) Letter # SEC/ Reg/ CSE/ MDJ 2009/ 444, Dated: 20-12-2009.

Nature of Business:

The main objectives of the company are to carry on the business of a stock broker ship and stock dealership that is to buy, sell and deal in shares, stocks, debenture, bonds and other securities, and to carry on any business as permissible for a broker and dealer house duly licensed by the Securities and Exchange Commission (SEC), Bangladesh.

3.3 Investment in FDR:

SadharanBima Corporation invest their capital in different private bank sector in Bangladesh by fixed deposit receipt. Here details are given below:

| Bank Name | Branch | FDR No | Opening Date | Duration | Closing Date | Amount | Interest rate |
|---------------------------------|------------------------------|------------------------|--------------|---------------|--------------|-------------|---------------|
| Social Islami Bank Ltd. | Begum Rokeya Sharani | MTD-10147123/533-8432 | 11.05.2014 | 1 year | 12.05.2015 | 50,00,000 | 10.75% |
| First Security Islami Bank Ltd. | Para Dagair, Konapara, Demra | 03218163/264-03 | 04.06.2014 | Renew(1 year) | 04.06.2015 | 50,00,000 | 11.75% |
| Bank Asia Ltd. | Shaymoli | 000207093/995 | 04.06.2014 | Renew(1 year) | 04.06.2015 | 50,00,000 | 10% |
| First Security Islami Bank Ltd. | Para Dagair, Konapara, Demra | 019024600000030 | 11.06.2014 | 1 year | 11.06.2015 | 1,50,00,000 | 11.75% |
| National Bank Ltd. | Lake Circus, Kalabagan | 0369400/55013947 | 22.07.2014 | Renew(1 year) | 22.07.2015 | 5,00,00,000 | 10% |
| Social Islami Bank Ltd. | Begum Rokeya Sharani | MDR-10147673/533-8511 | 13.07.2014 | 1 year | 13.07.2015 | 50,00,000 | 10.25% |
| Jamuna Bank Ltd. | Dilkusha | JFD-0171288/0330084569 | 23.07.2014 | 1 year | 23.07.2015 | 1,00,00,000 | 10% |
| Jamuna Bank Ltd. | Dilkusha | 0006-0330080063 | 11.08.2014 | Renew(1 year) | 11.08.2015 | 50,00,000 | 9.50% |
| The Farmers Bank Ltd. | Gulshan Corporate | 0124400023674 | 18.08.2014 | 1 year | 17.08.2015 | 1,00,00,000 | 11% |
| AB Bank Ltd. | Darga Gate, Sylhet | 3369894 | 29.08.2014 | 1 year | 29.08.2015 | 50,00,000 | 9% |

3.4 Investment Portfolio:

Investment in various shares and debentures of joint stock companies. Moreover, since 2009 SBC started investing idle money to secondary capital market. Investments portfolio increase in near future. Statistics investments in 2016 and 2015.

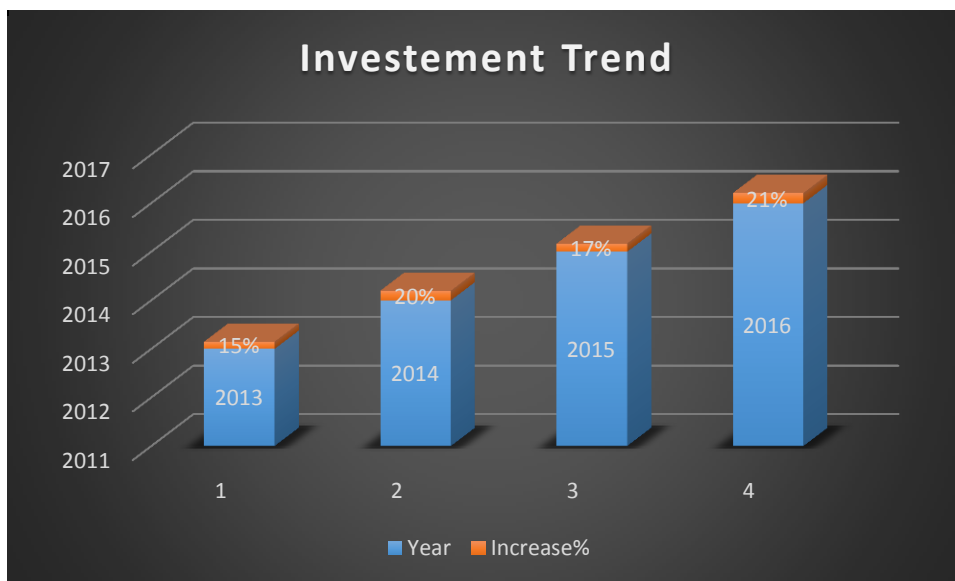
| | |
|-----------------------|-----------------------------|
| Government Securities | 1,720,000 |
| Investment Securities | 2,192,687,307 |
| Bangladesh Fund | 1,060,000,000 |
| Debentures | 32,477,967 |
| House Properties | 648,695,254 |
| Investment in ECGD | 115,000,000 |
| Investment in SSIL | 200,000,000 |
| Total: | <u>4,250,580,528</u> |

| | 2014 | 2013 |
|--|-----------------------------|-----------------------------|
| | <u>Taka</u> | <u>Taka</u> |
| Investment in Shares | | |
| Share investment | 31,24,43,273 | 35,60,63,044 |
| Investment in right share | 2,67,650 | 39,420 |
| | <u>31,27,10,923</u> | <u>35,61,02,464</u> |
| Provision for Diminution in Value of Investment in Shares | | |
| Balance as on 01.01.2014 | (9,57,93,593) | (9,91,25,122) |
| Less: Provision written back during the year | 3,73,26,763 | 33,31,529 |
| Balance as on 31.12.2014 | <u>(5,84,66,830)</u> | <u>(9,57,93,593)</u> |

3.5 Investment trend of SBC:

Sadharanbima corporation investment in various sector is increased day by day in below there is show the investment trend of SBC 2012–2016.

| Year | Amount | Increase% |
|------|------------|-----------|
| 2012 | 2807270965 | - |
| 2013 | 3304365919 | 15% |
| 2014 | 3775517545 | 20% |
| 2015 | 4532588210 | 17% |
| 2016 | 5732289577 | 21% |

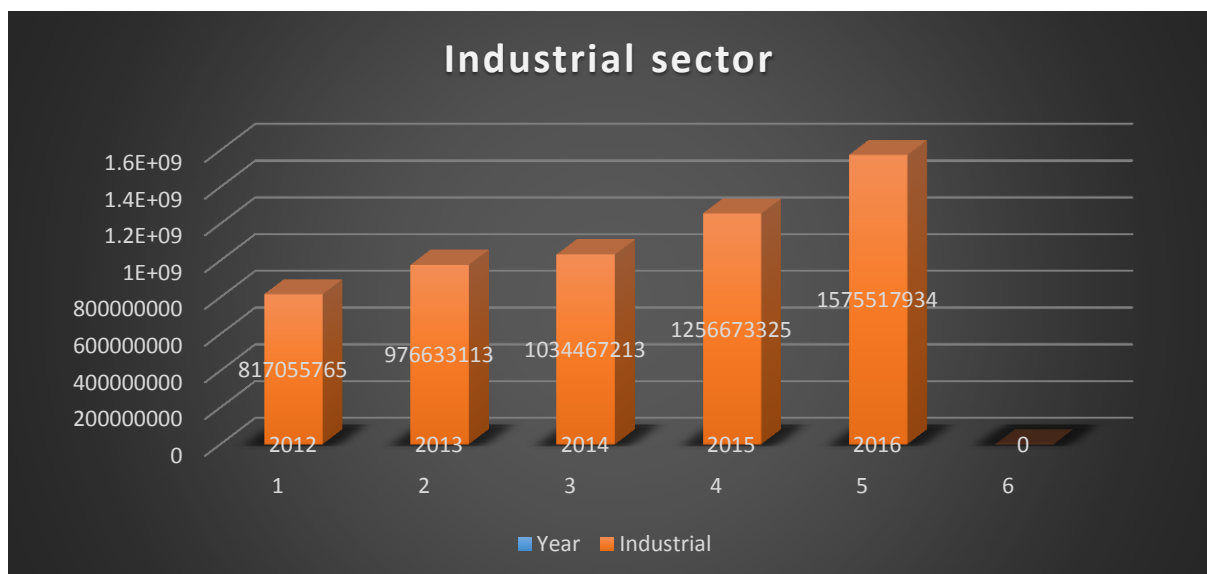


3.6 Sector wise investment:

Sadharanbima corporation invest their capital in public and private sector of our county includes Commercial, industrial, real estate, transport, agriculture and so many sectors, from 2012 to 2016 sector wise investment of SBC which is given below:

| Year | Industrial | commercial | Real Estate | Transport | Agriculture | Others |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | TK | TK | TK | TK | TK | TK |
| 2012 | 817055765 | 944489742 | 755431056 | 253477690 | 305523955 | 428348522 |
| 2013 | 976633113 | 1011375888 | 865557944 | 174578347 | 102347912 | 17382715 |
| 2014 | 1034467213 | 1104429990 | 1052355745 | 213489432 | 171966476 | 198808689 |
| 2015 | 1256673325 | 1357790267 | 1233790477 | 251345666 | 210965480 | 222022995 |
| 2016 | 1575517934 | 1473457313 | 1600370144 | 382766532 | 364599355 | 375578299 |
| Total | 5660347350 | 5891543200 | 5507505366 | 1275657667 | 1155403178 | 1242141220 |

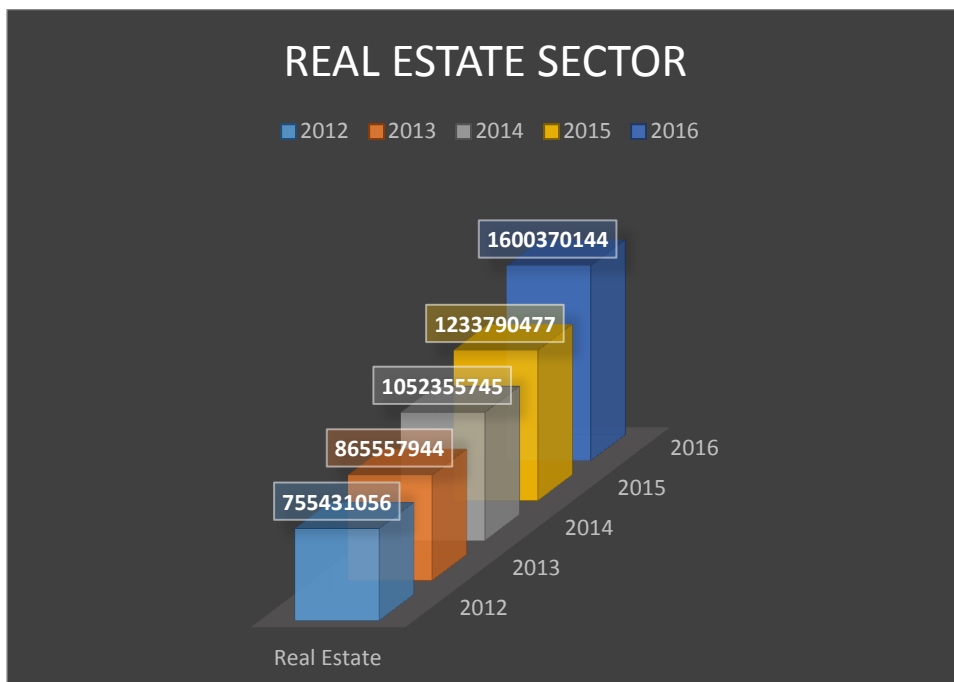
Trend of investment in industrial sector (2012–2016)



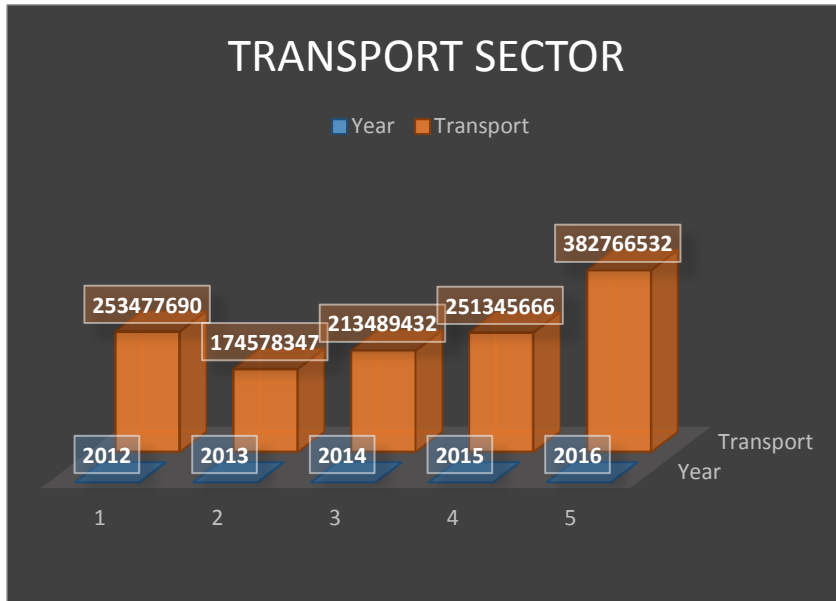
Trend of investment in commercial sector (2012-2016)



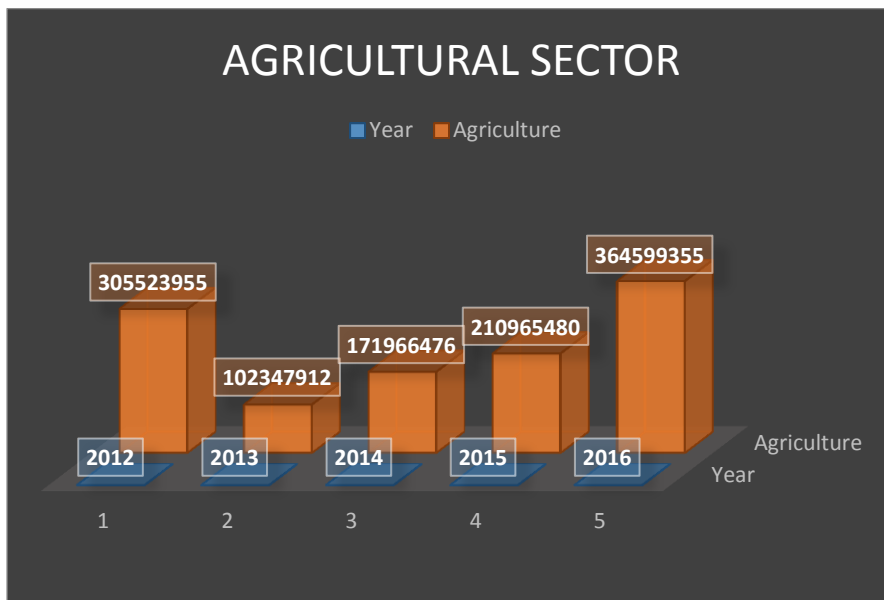
Trend of investment in real estate (2012-2016)



Trend of investment in Transport sector (2012–2016)



Trend of investment in Agricultural Sector (2012–2016)



3.7 Investment in shares of DSE:

Investment cost: 2014/2013

Taka Taka

Investment in cost 2,000 2,000

Dhaka Stock Exchanges Ltd. allotted 7,215,106 shares of Tk. 10.00 each in favor of SBC Securities & Investment Ltd. during the year against its existing 1 (one) ordinary share in pursuance of DSE Demutualization Scheme as under:

| Share Allotted | No. of Shares | Total No. of Shares |
|--|---------------|---------------------|
| 40% ordinary shares of Taka. 10 each credited to BO Account of SBC Securities & Investment Ltd. | 2,886,042 | 7,215,106 |
| 60% ordinary shares of Taka. 10 each credited to the "DSE Demutualization Blocked Account" maintained by Dhaka Stock Exchange Ltd. | 43,29,064 | |

| INVESTMENT IN SECURITIES | | | |
|--|--|----------------------|----------------------|
| Investment in quoted shares at cost | | 31,24,43,273 | 35,60,63,044 |
| Investment in right share | | 2,67,650 | 39,420 |
| | | 31,27,10,923 | 35,61,02,464 |
| Less: Provision for diminution in value of investment (Note-7.1) | | 5,84,66,830 | 9,57,93,593 |
| | | 25,42,44,093 | 26,03,08,871 |
| Provision for Diminution in Value of Investment in Shares | | | |
| Balance as on 01.01.2014 | | (9,57,93,593) | (9,91,25,122) |
| Less: Provision written back during the year | | 3,73,26,763 | 33,31,529 |
| Balance as on 31.12.2014 | | (5,84,66,830) | (9,57,93,593) |

| SBC Securities & Investment Ltd. | | | | | | | |
|---|--|--|--|--|--|---------------------|---------------------|
| STATEMENT OF FINANCIAL POSITION | | | | | | | |
| As at 31 December 2014 | | | | | | | |
| | | | | | | 2014 | 2013 |
| | | | | | | <u>Taka</u> | <u>Taka</u> |
| ASSETS | | | | | | | |
| Non-Current Assets | | | | | | | |
| Property, plant and equipment | | | | | | 11,16,894 | 14,09,448 |
| Investment in shares of DSE | | | | | | 2,000 | 2,000 |
| | | | | | | 11,18,894 | 14,11,448 |
| Current Assets | | | | | | | |
| Investment in FDR | | | | | | 11,50,00,000 | 9,25,00,000 |
| Advance, deposit & prepayments | | | | | | 55,46,961 | 27,41,075 |
| Investment in securities | | | | | | 25,42,44,093 | 26,03,08,871 |
| Trade receivables | | | | | | 6,29,201 | 10,13,542 |
| Other receivables | | | | | | 56,29,555 | - |
| Cash and cash equivalents | | | | | | 1,01,06,669 | 1,47,47,279 |
| | | | | | | 39,11,56,478 | 37,13,10,766 |
| Total assets | | | | | | 39,22,75,372 | 37,27,22,214 |
| EQUITY AND LIABILITIES | | | | | | | |
| Capital and Reserves | | | | | | | |
| Share capital | | | | | | 20,00,00,000 | 20,00,00,000 |
| Retained earnings/(losses) | | | | | | (1,18,17,862) | (7,80,23,295) |
| | | | | | | 18,81,82,138 | 12,19,76,705 |
| Non-Current Liabilities | | | | | | | |
| Payable to Sadharon Bima Corporation | | | | | | 23,58,70,473 | 23,58,70,473 |
| Deffered tax liability/(asset) | | | | | | (1,96,422) | 66,081 |
| | | | | | | 23,56,74,051 | 23,59,36,554 |
| Current Liabilities | | | | | | | |
| Trade and other payables | | | | | | 38,69,891 | 55,83,226 |
| Provision for expenses | | | | | | 1,07,188 | 1,14,493 |
| Provision for income tax | | | | | | 1,37,24,591 | 91,11,237 |
| | | | | | | 1,77,01,670 | 1,48,08,956 |
| Total equity and liabilities | | | | | | 44,15,57,859 | 37,27,22,214 |

3.8 Consolidated Financial Statement:

Consolidated Statement of Financial Position

| Capital and Liabilities | Amount in Taka | |
|--|------------------------------|------------------------------|
| | December 31,2016 | December 31,2015 |
| Share Capital: | | |
| Authorized Share Capital 2,000,000 ordinary shares of Taka. 100 each | <u>200,000,000</u> | <u>200,000,000</u> |
| Issued subscribe and Paid-up Capital 1,000,000 ordinary shares of Taka. 100 each | 100,000,000 | 100,000,000 |
| Reserves or contingency accounts | | |
| Reserve for Shrimp Insurance | 36,500,000 | 36,500,000 |
| Reserve for Exceptional Losses | 5,517,628,500 | 4,935,249,048 |
| General Reserve | 6,814,558,838 | 5,767,752,354 |
| Capital Reserve | 40,852,379 | 40,852,379 |
| Reserve for Investment Fluctuation | 259,010,000 | 259,010,000 |
| Reserve for Crop Insurance | 52,000,000 | 52,000,000 |
| Reserve for bad and doubtful recovery of outstanding premium, interest, rent, debtors and others | 60,000,000 | 60,000,000 |
| Reserve for Employees Residential Complex | 262,000,000 | 262,000,000 |
| Government Contribution In ECGD | 5,450,000 | 5,450,000 |
| Retained Earnings | 1,257,899,839 | 1,319,345,011 |
| Balance of funds and accounts: | | |
| Fire insurance business | 1,510,131,575 | 1,411,652,976 |
| Marine insurance business | 1,166,388,930 | 965,849,123 |
| Motor insurance business | 70,626,350 | 68,611,389 |
| Miscellaneous insurance business | 205,144,846 | 344,525,252 |
| Premium deposits | 691,005,776 | 805,595,396 |
| Estimated liability in respect of outstanding claims whether due or intimated | 2,970,624,745 | 2,543,921,388 |
| Amount due to other persons or bodies Carrying on insurance business. | 1,339,257,151 | 789,190,688 |
| Sundry creditors (including outstanding and Accruing expenses and taxes). | 5,758,503,702 | 4,933,222,745 |
| Other Payable | 29,683,398 | 24,316,337 |
| Total | <u>28,147,266,028</u> | <u>24,725,044,085</u> |

SadharanBimaCorporation (SBC)
 Consolidated Statement of Financial Position
As at December 31, 2016

| Property and Assets | Amount in Taka | |
|--|------------------------------|------------------------------|
| | December 31,2016 | December 31, 2015 |
| Loan | 200,145,357 | 175,992,568 |
| Investments- at cost: | | |
| Government securities | 1,720,000 | 1,720,000 |
| Investment in Shares | 2,586,871,553 | 2,341,693,704 |
| Bangladesh Fund | 1,060,000,000 | 1,060,000,000 |
| Debentures | 32,477,967 | 32,589,967 |
| House properties | 648,695,254 | 648,119,414 |
| Outstanding premiums | 50,427,683 | 69,231,691 |
| Interest and rent outstanding | 1,168,038,503 | 855,578,601 |
| Amount due from other persons or bodies carrying on insurance business. | 7,418,851,202 | 6,683,755,645 |
| Sundry debtors (Including Advance & Deposits) | 203,707,167 | 269,625,300 |
| Cash & Cash Equivalent | 10,089,861,113 | 8,896,005,122 |
| Other Accounts: | | |
| Stamps in hand | 15,644,474 | 17,224,709 |
| Stock of stationery and printing | 1,261,648 | 1,438,239 |
| Stock of consumable materials | 1,842,372 | 1,874,254 |
| Advance income tax | 4,573,765,337 | 3,606,289,215 |
| Sundry fixed assets | 93,956,398 | 63,905,656 |
| Total | <u>28,147,266,028</u> | <u>24,725,044,085</u> |

3.7 Financial Performance of SBC:

Gross Premium & Net Premium:

A net premium is the full premium of a protection contract some time recently brokerage or rebates have been deducted. Net premiums composed speaks to how much of the premiums the company gets to keep for accepting hazard.

| Year | Gross premium (In crore) | Net premium (In crore) |
|------|-----------------------------|---------------------------|
| 2016 | 872.88 | 582.38 |
| 2015 | 861.45 | 548.12 |
| 2014 | 800.89 | 527.48 |
| 2013 | 796.03 | 479.82 |
| 2012 | 800.52 | 512.25 |

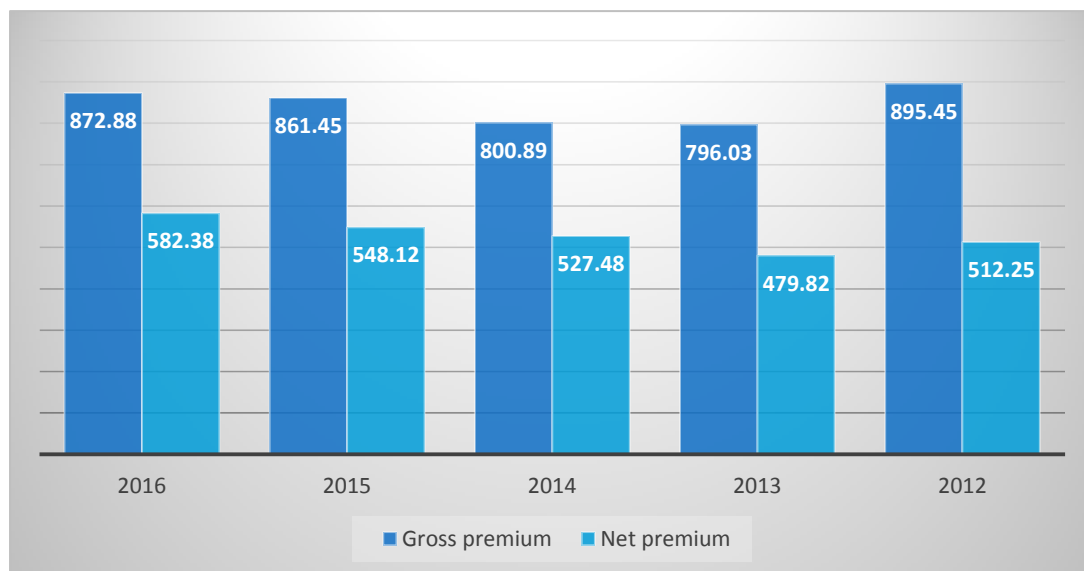
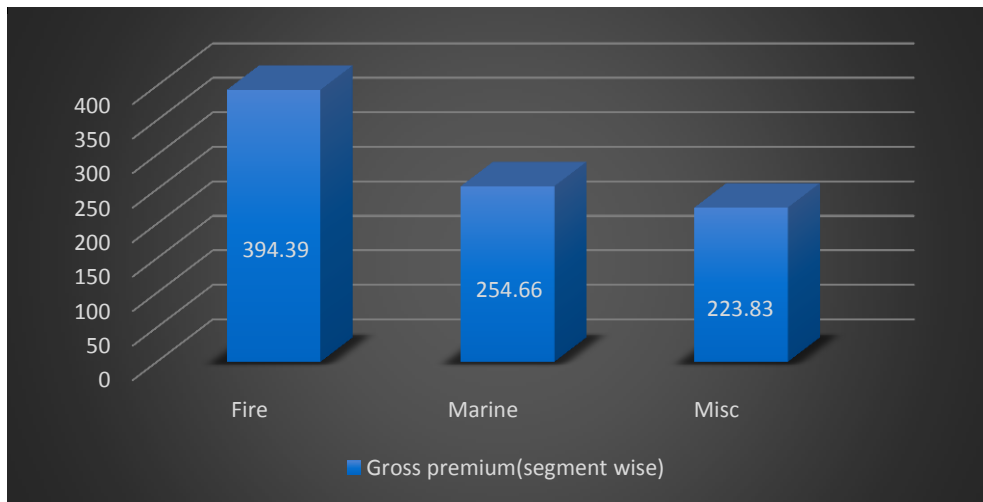


Figure 04: Graphical Presentation of Gross Premium & Net Premium

Interpretation: The gross premium received from the policy holder and get net premium to keep from the assuming risk. Here SBC earned huge net premium from the policy holder for taking the risk of clients. There is upward and stable situation at gross and net premium from 2012–2016.

Gross Premium Segment Wise (2016):

| Type | Gross premium (In millions) |
|--------|--------------------------------|
| Fire | 394.39 |
| Marine | 254.66 |
| Misc. | 223.83 |

**Figure 05: Graphical Presentation of Gross premium (Segment wise)****Interpretation:**

SBC receive a huge gross premium from fire insurance.under fire insurance policy SBC insurance premium of fire is higher than other insurance premium. The chart show that 394.39 core premium received from the policy holder in 2016

Net Premium & Underwriting Result:

Sadharanbima corporation get premium from policy holder against risk minimization from 2012 to 2016 their net premium and its underwriting result is satisfied the premium is increased then previous year by sequence.

| Year | Net premium (In crore) | Underwriting result (In crore) |
|------|---------------------------|-----------------------------------|
| 2016 | 582.38 | 144.94 |
| 2015 | 548.12 | 166.83 |
| 2014 | 527.48 | 119.66 |
| 2013 | 479.83 | 136.18 |
| 2012 | 512.25 | 102.31 |

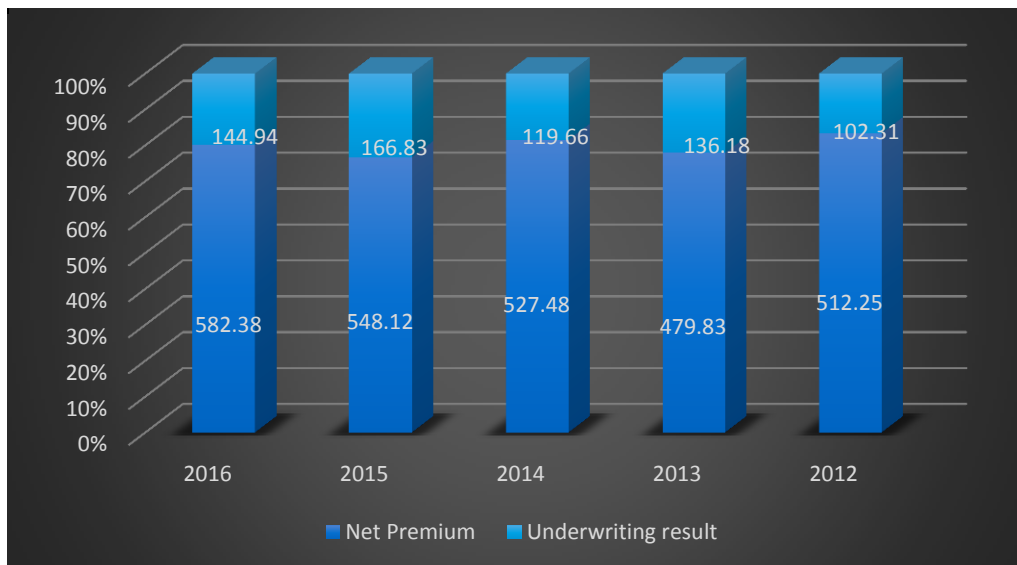
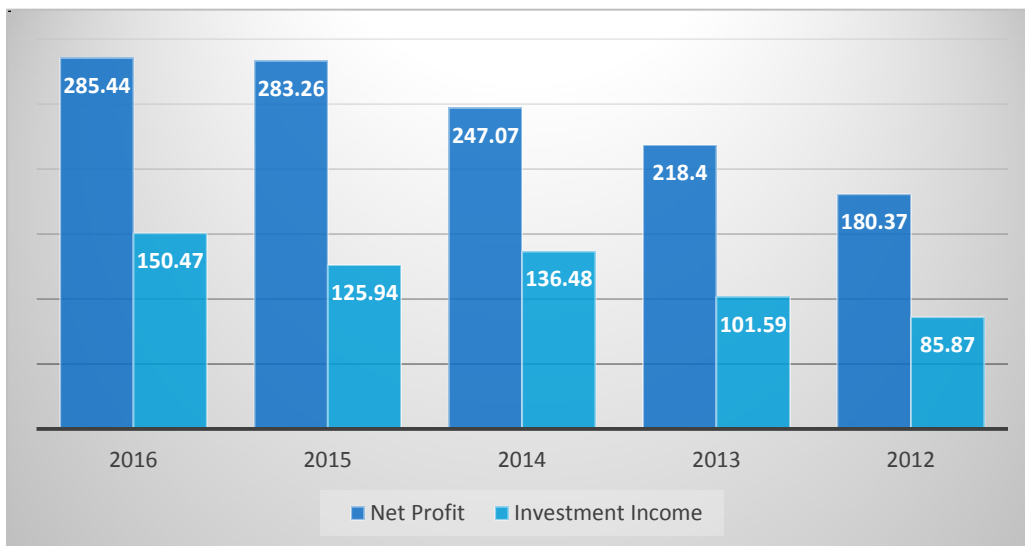


Figure 06: Graphical Presentation of Gross premium & Underwriting results

Interpretation: There is an upward trend in Net premium and difference between net premium and underwriting result is high

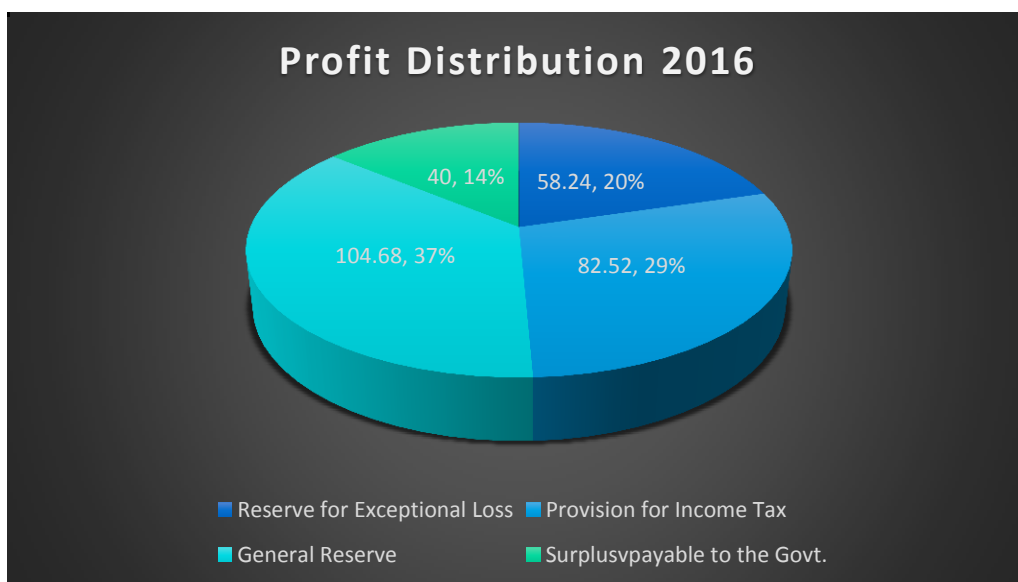
Net Profit & Investment Income:

| Year | Net Profit (In crore) | Investment Income (In crore) |
|------|--------------------------|---------------------------------|
| 2016 | 285.44 | 150.47 |
| 2015 | 283.26 | 125.94 |
| 2014 | 247.07 | 136.48 |
| 2013 | 218.40 | 101.59 |
| 2012 | 180.37 | 85.78 |

**Figure 07: Graphical Presentation of Net profit & Investment income**

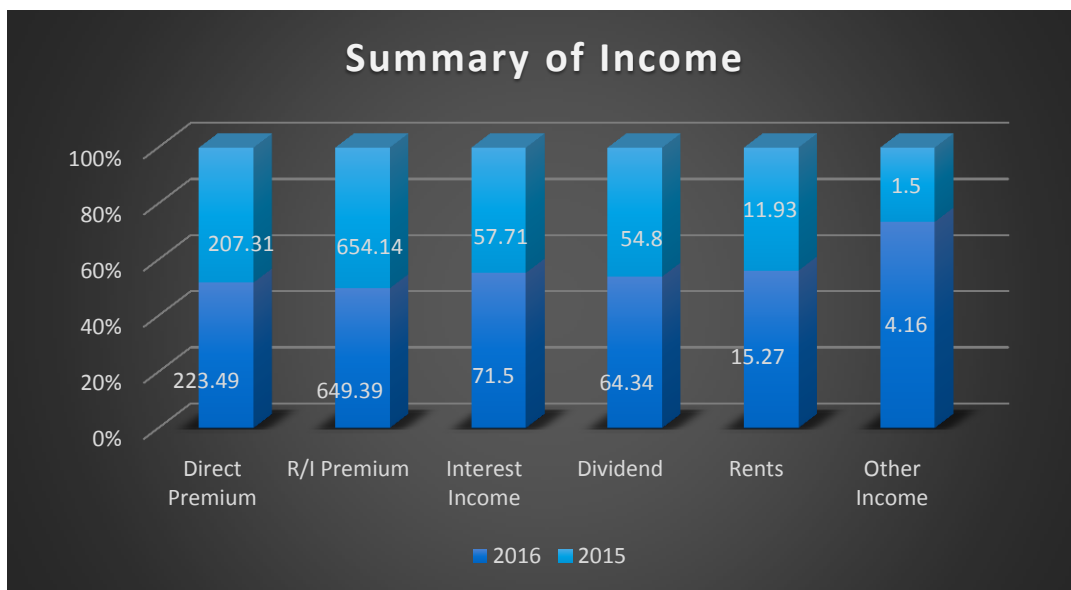
Interpretation: SBC net profit against premium is satisfied and their investment policy is strategic and pre-planned that's why in 2012–2016 investment income continuously increasing. There is an upward trend in Net profit and investment income is almost stable.

Profit Distribution:



Summary of Income:

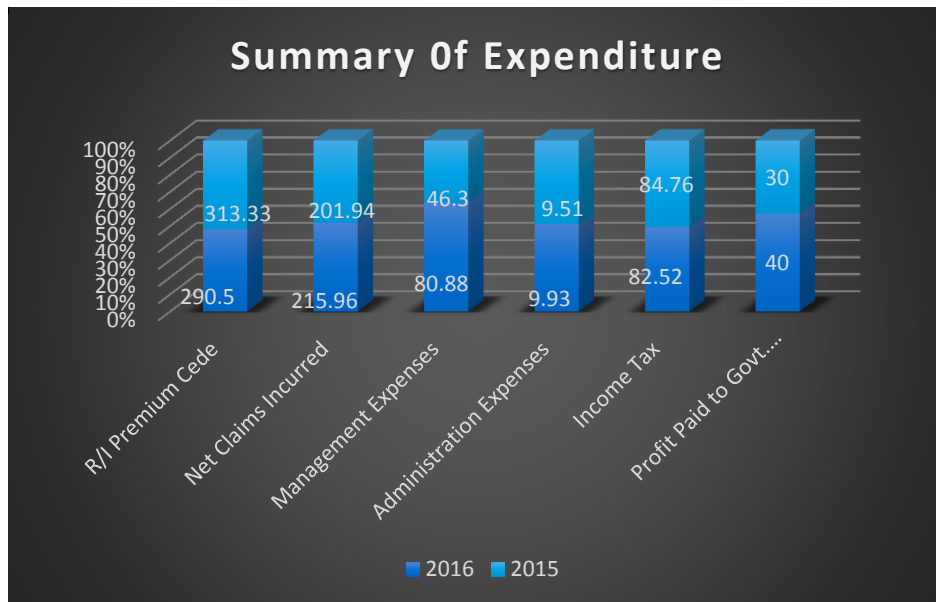
| Particulars | 2016 (in crore) | 2015 (in crore) |
|--------------------|-----------------|-----------------|
| Direct Income | 223.49 | 207.31 |
| R/I Premium Income | 649.39 | 654.14 |
| Interest Income | 71.50 | 57.71 |
| Dividend | 64.34 | 54.80 |
| Rents | 15.27 | 11.93 |
| Other Income | 4.16 | 1.50 |

**Figure 09: Summary of Income**

In 2016, the total income of SadharanBima Corporation was TK1028.15.14crore. In 2015, it was TK987.39 crores. The income from many operation and business activities of SBC is satisfied and it is improving continuously as per their strategy.

Summary of Expenditure:

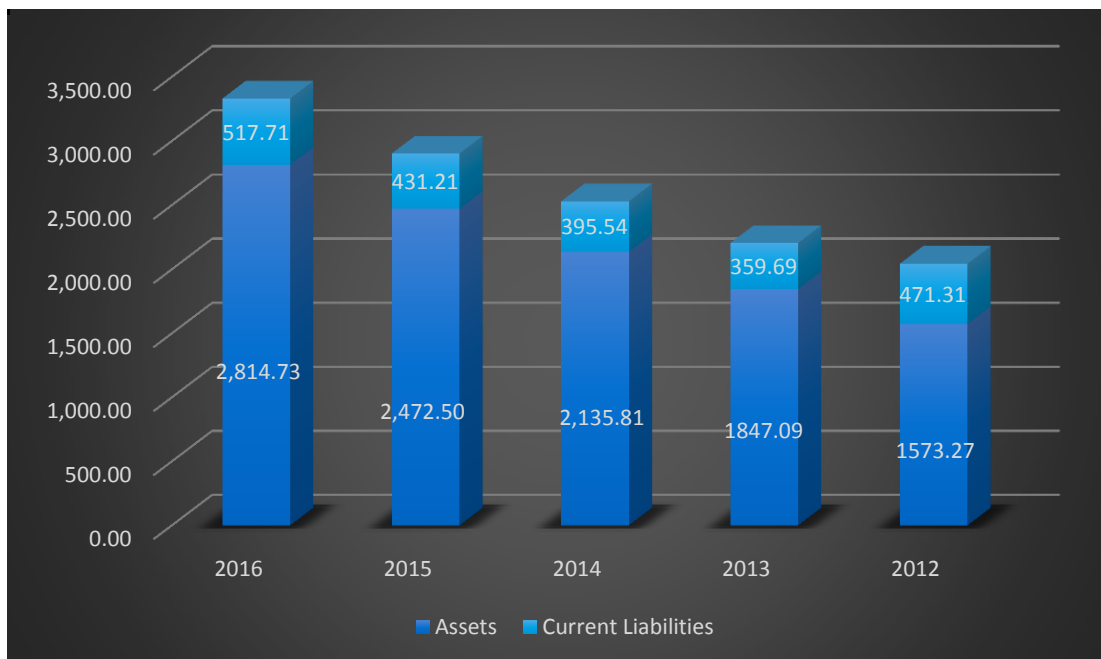
| Particulars | 2016 (in crore) | 2015 (in crore) |
|-----------------------------------|-----------------|-----------------|
| R/I Premium Cede | 290.50 | 313.33 |
| Net Claims Incurred | 215.96 | 201.94 |
| Management Expenses | 80.88 | 46.3 |
| Administration Expenses | 9.93 | 9.51 |
| Income Tax | 82.52 | 84.76 |
| Profit Paid to Govt. Exchequer | 40 | 30 |

**Figure 10: Summary of Expenditure**

In 2016, the total expenditure of SadharanBima Corporation was TK719.19 crores. In 2015, it was TK685.84 crores.

Assets and Current Liabilities:

| Year | Assets (In millions) | Current Liabilities (In millions) |
|------|-------------------------|--------------------------------------|
| 2016 | 2,026.70 | 836.58 |
| 2015 | 1,772.58 | 761.33 |
| 2014 | 1,521.66 | 715.27 |
| 2013 | 998.04 | 510.54 |
| 2012 | 811.02 | 471.31 |

**Interpretation:**

SBC perform their business operation successfully and clearly. Their all claim settlement is good and they operate with policyholder and solved their problem that's why from 2012 asset was upward trend and satisfied the graph show that how asset is increase then liabilities. There is an upward trend in company's asset. Asset is much higher than current liabilities.

3.11 SWOT Analysis of SBC:



Strengths of SBC:

- Enormous framework or structure all over Bangladesh
- Huge amount of capital
- Large amount of insurance and reinsurance
- Exact allocation of HR
- Appropriate settlement of parties claims
- Only state owned general insurance corporation
- Solvency
- SBC has history of big aptitude in fire insurance

Weaknesses:

- Traditional insurance marketing system
- Relatively higher administrative expenses of investment activities compared to other insurance companies.
- Adjustments among the zonal and the head offices and the head office should be improved.

Opportunities:

- Diversification.
- To spread in foreign countries.
- A proper marketing strategy may boost up the corporation revenue as well as investment too.
- Assuring every stage of assets.
- Can become a pioneer company.
- Monitoring and controlling.
- Reduce risk.

Threats:

- Obstacle such as formality in decision making
- Expansion
- New technology of others private corporation
- Political environment is unstable
- Many insurance companies are built up with new investment ideas.
- Immorality of their parties
- Huge competition

3.12 Impact on our economy:

The SBC provides more contribution to economic development of our country as a result:

- Discover more finance of savings.
- Huge Capital creation.
- Improvement of trade and ecommerce.
- Solving unemployment issue of our country.
- Social security.

Suggestions:

SadharanBima Corporation can provide to policy holders developed services by the following processes:

- For modern services it should use modern technology systems in every department.
- This organization can create more policy holders by publicity and advertisement.
- It can make its laws and principles easier for the policy holders.

SadharanBima Corporation support the insurances to reduce their various operational risk related activities. At last, in modern insurance system, SadharanBima Corporation, by expanding the sum of policy holders, by minimizing their financial risk and also their policy holders risk, and acquire huge return. At present our country facing many economic problems like capital, commercial position and savings. At present SBC provide more contribution to our country economy and development of insurance business in our country.

3.13 Major Findings:

- Investment policy of SBC is well planned and they pool their resource and invest capital various sector of our country and make huge profit.
- SBC tend to invest their capital via FDR, purchase securities of private and public company.
- Main business objective of SBC securities and investment Ltd is stock broker ship and stock dealership that is buy, sell and deal in share, stock, Bond, debenture and others securities.
- From 2012 to 2016 its revenue and profit is increasing. Its net claim and investment income is also increasing.
- The SBC is contributing a lot to the money market of the country through a large pool of investment.
- Skilled and trained employees and effective management system maximize their wealth and profit and also performed business operation promptly.
- SBC allow to appointment of 2600 employees but their total employees are 1000+ that's why their cost of expenditure is minimized.
- The gross premium income and overall business volume of SBC grew in accordance with its business plan; the growth was higher than the preceding year.

3.14 Recommendations:

Sadharanbima corporation is a successful and reputed insurance corporation in Bangladesh. Here is some recommendation given below:

- Before investment in various sectors SBC can do market research vary carefully so that investment profit will be higher.
- The investment income of SBC is upward trend in every year and if they invest money by doing more analysis it will be higher than previous years.
- Both primary and secondary data related to investment should update on their official website.
- Speed of services and claim settlement should improve like head office in all branch.
- At present sadharanbima corporation over all business performance is good and upward trend in last few year and it will be increase in future if overall performance planned accurately.
- The skilled and efficient employees and management process helps SBC to increase profit maximization and this flow will more developed in future if employees kept their performance like this.

3.15 Conclusion:

SadharanBima Corporation is a only state owned company that has been performing their operation activities in the country as ruling general insurance company. SBC has a lot of Social responsibility as for being the biggest insurance zone of general insurance site. Huge amount of capital and all the re-insurance assurance are well characterizing and they are still serving their testimony of competency we can absolutely say that SBC is the future of general insurance business sector in our country. SadharanBima Corporation has the higher hand in the government sector. Where the government needs profit from its own SadharanBima Corporation annual report showed the amount clearly. They are well figured amount that is being added to the fund of government's wealth. SadharanBima Corporation support the insurances to reduce their various operational risk. At present new insurance business system, SBC by expanding the sum of policy holders, by minimizing their financial risk and also their policy holders risk, and acquire huge return. At present our country facing many economic problems like capital, commercial position and savings. SBC has continued its endeavors to deliver economic and social benefits to the community in discharge of its CSR and has extended financial assistance to different, mosques, orphanage and other religious and social welfare establishment. SBC also provides scholarships for the meritorious children of the employees of sadharanBima Corporation. SBC started its operation as a monopoly insurer 39 years ago, it is now playing an important role in the fast changing insurance market of Bangladesh along with 43 private general insurance companies.

3.16Bibliography:

Website:

 [Http://www.Sbc.govt.bd](http://www.Sbc.govt.bd)

 www.gfoa.org

 www.wikipedia.org

Others:

- Annual report (2011–2016) of sadharanBima Corporation.
- Journals and academic books.