

## Solvency Margin Position

Solvency margin is the amount by which the assets of an insurer exceeds its liabilities, and will form part of the insurer's funds. Under section 43 of Insurance Act 2010 the Insurance Company required to maintain adequate Solvency Margin. The solvency of an insurance Company corresponds to its ability to pay claims. The solvency of insurance company or its financial strength depends chiefly on whether sufficient technical reserves have been set up for the obligations entered into and whether the Company has adequate capital as security.

In Bangladesh regulations for Solvency Margin for non-life insurance Company have been prepared by IDRA but not yet been approved by the Finance Ministry thereby not yet promulgated through official gazette.

During the year 2022, Nitol Insurance Company Limited has achieved solvency margin 15.38 times of required level. The details as follows:

Year 2022

### SOLVENCY MARGIN BASED ON PREMIUM INCOME:

Amount BDT in Million

Class of Business	Net Premium	Gross Premium	Factors	G.P. after application of Factor	20% of GPF	20% of NP	20% of (NP & GPF) which is higher
Fire	41.89	160.48	0.50	80.24	16.05	8.38	16.05
Marine Cargo	148.79	222.04	0.70	155.43	31.09	29.76	29.76
Marine Hull	1.93	15.20	0.50	7.60	1.52	0.39	1.52
Motor	142.9	142.99	0.85	121.54	24.31	28.58	28.58
Miscellaneous	11.99	70.11	0.70	49.08	9.82	2.40	9.82
<b>Total</b>	<b>347.5</b>	<b>610.82</b>					<b>85.72</b>

### SOLVENCY MARGIN BASED ON ASSETS & LIABILITIES:

Amount BDT in Million

Particulars	Amount	Particulars	Amount
Total Assets as per Balance Sheet	1,958.68	Total Liabilities	1,958.68
Less: Amount due from Others	(84.67)	Sundry Creditors	(48.97)
Outstanding Premium	(0.77)	Amount Due to Others	(148.90)
Furniture & Fixture	(1.69)	Provision for Income Tax	(378.32)
		Deposit Premium	(24.09)
		Reserve for Unexpired Risk	(140.16)
		Reserve for exception all loss	(664.81)
<b>(A) TOTAL ASSETS</b>	<b>1,871.55</b>	<b>(B) TOTAL LIABILITIES</b>	<b>553.43</b>
<b>Solvency Margin Available (A-B)</b>			<b>1,318.12</b>

### SOLVENCY RATIO (Times)

Particulars	2022	2021
Solvency Margin Available (A-B)	1,318.12	1,288.88
Required Solvency Margin	85.72	88.36
<b>Solvency Ratio (Times)</b>	<b>15.38</b>	<b>14.59</b>