

Comparative Stock Exchange Performance of General Insurance Companies in Bangladesh: An Empirical Study

Ayesha Saimoon¹

Abstract

This study aimed at investigating the factors that mostly affect financial performance of Bangladeshi General Insurance Companies listed in Share Markets. Dividend policies, dividend rates, EPS, P/E ratios, Net Asset Values, Share Percentage and other financial and non-financial factors are considered to evaluate the performance. Stock split and its influences also considered to evaluate the performance of the selected companies. Financial tools and techniques are applied in measuring these performances. The study found that maximum listed general insurance companies are doing well in Dhaka Stock Exchange, while others are somehow shown poor performance in DSE. But all general insurance companies have greater opportunity to show better performance in the stock exchange. The analysis mostly depends on secondary data. Only small investors' views are taken from conversation and observation methods. Finally the study has recommended some policies such as to increase paid up capital, providing price sensitive information clearly, issuing convertible preferred stock, giving regular bonus share, issuing corporate bonds, mutual funds etc. for the selected companies to do well in future in the share market.

Key Words: *General Insurance Companies, Stock Exchange, Right Share, Listing, EPS, NAV, Bonus Share, Cash Dividend, Stock Split, Shares Outstanding, Authorized and paid up capital etc.*

1. Introduction

Insurance is a cooperative device to spread the loss caused by a particular risk over a number of persons, who are exposed to it and who agree to insure themselves against the risk. (Mishra 2012). The study will give emphasize on general insurance companies in Bangladesh. The general insurance includes property insurance, liability insurance and other forms if

1. Ayesha Saimoon, Assistant Professor of Finance and Banking, Dept. of Business Administration, Bangladesh Islami University, Dhaka. Email: ayeshasaimoon@yahoo.co.uk

insurance. In Bangladesh, insurance companies obtained the certificate of Registration from the Chief Controller of Insurance of Govt. of The People's Republic of Bangladesh for carrying Insurance business such as Fire, Marine, Motor & Miscellaneous insurance. Later the company has been listed with Dhaka and Chittagong Stock Exchanges to trade their securities.

At present there are seventy seven insurance companies, including 42 listed companies (DSE 2014) are operating in our country (IDRA). Most of our insurance companies are under greater pressure to satisfy their shareholders, depositors, employees and clients. They collect fund through selling of shares, bonds and many other financial products. They serve various activities of merchant banks and brokerage house. Though huge number of investors and potential investors are interested in purchasing and selling the shares of insurance companies, they are dissatisfied about the poor performance of insurance companies in capital market.

2. Objectives of the Study

Following objectives are set for this research paper:

1. To evaluate the stock exchange performance of selected general insurance companies listed in Dhaka Stock Exchange (DSE) in Bangladesh.
2. To identify the financial and non-financial causes of the performance of insurance companies listed in DSE.
3. To formulate some share market policies for these insurance companies to follow in near future.

3. Methodology

Among the listed insurance companies in DSE, 10 (Ten) general insurance companies have been selected for conducting this research. In term of principles, among these 10 insurance companies, 08 are conventional and 02 are Islamic insurance companies. Different financial tools and techniques are used in this study. Last 06 years (2008-2015) dividend payout ratio and trend of earnings per share (EPS) are considered in evaluating the performance of the selected insurance companies. Price earnings ratios (P/E) are considered as the opportunity to invest in this sector. Beside these, net assets value, market lots, authorized and paid up capital, bonus and right issues, cash dividends, number of securities are also taken into consideration to evaluate the performance of the listed insurance companies. This study basically depends on the secondary data. Secondary data were collected from the banks websites, similar research works done earlier, newspapers and other online resources. Financial information was collected from the annual report during year 2008 to 2015. The study only emphasized those financial analyses which are related to the share markets.

Selected insurance companies are:

Table 1: Selected Insurance Companies Trading code and Types

Sl	Name of Selected Insurance Companies	DSE Trading Code	Type
1	Agrani Insurance Company Ltd.	AGRANINS	General (Conventional)
2	City General Insurance Company Ltd.	CITYGENINS	General (Conventional)
3	Central Insurance Company Ltd.	CENTRALINS	General (Conventional)
4	Global Insurance Company Ltd.	GLOBALINS	General (Conventional)
5	Greendelta Insurance Company Ltd.	GREEN DELT	General (Conventional)
6	Islamic Insurance Company Ltd.	ISLAMIINS	General (Islamic)
7	Karnaphuli Insurance Company Ltd.	KARNAPHULI	General (Conventional)
8	Northern Insurance	NORTHRNINS	General (Conventional)
9	Sonarbangla Insurance Company Ltd.	SONARBAINS	General (Conventional)
10	Takaful Insurance Ltd.	TAKAFULINS	General (Islamic)

4. Area Covered by General Insurance Companies in Bangladesh

General Insurance companies in Bangladesh are usually insured the following areas:

Table 2: Products of General Insurance companies in Bangladesh

1. Fire Insurance <ul style="list-style-type: none"> • Fire and Allied Perils Insurance • Industrial All Risk Insurance (IAR) • Property All Risk • Power Plant operational package Insurance 	2. Marine Insurance <ul style="list-style-type: none"> • Marine Cargo Insurance • Marine Hull Insurance • Goods in Transit Insurance
3. Motor Insurance <ul style="list-style-type: none"> • Private Vehicle Insurance * Commercial Vehicle Insurance • Motor Cycle Insurance * Motor Transit Insurance 	
4. Engineering Insurance <ul style="list-style-type: none"> • Contractor's All Risk Insurance (CAR) • Erection all Risk Insurance (EAR) • Boiler & Pressure Vessel Insurance (BPV) • Machinery Breakdown Insurance (MBD) • Deterioration of Stock Insurance (DOS) • Contractor's Plant & Machinery Insurance (CPM) • Electrical Equipment's Insurance (EEI) 	
5. Miscellaneous Accident Insurance: Financial Category <ul style="list-style-type: none"> • Cash in Transit Insurance • Cash in Safe Insurance • Cash on Counter Insurance • ATM Booth Insurance • Bank Lockers Insurance • Fidelity Guarantee Insurance 	4. Miscellaneous Accident Insurance: Industrial Category <ul style="list-style-type: none"> • Workmen's Compensation Insurance • Personal Accident Insurance • Peoples Personal Accident Insurance • Burglary & House Breaking Insurance • Public Liability Insurance

Source: Website of Citygeneral Insurance Company

5. Meaning of Insurance Companies Performance in the Share Market

Share market performance indicates the behavior of a company's security or asset in the marketplace. (Business dictionary 2015) Stock performance is a measure of the returns on shares over a period of time. There are a number of measures of stock performance and each includes its own characteristics and benefits during an analysis of returns. The period over which stock returns are measured is chosen based on personal preferences, but the portfolio managers usually measure stock performance on daily, weekly, monthly and yearly basis.

A share market or stock exchange is a place or organization by which stock traders (people and companies) can trade stocks. Companies may want to get their stock listed on a stock exchange. Other stocks may be traded "over the counter", that is, through a dealer. A large company will usually have its stock listed on many exchanges across the world.

Insurance is nothing but a system of spreading the risk of one onto the shoulders of many. Insurance is a cooperative device to spread the loss caused by a particular risk over a number of persons, who are exposed to it and who agree to insure themselves against the risk. In other word, Insurance is a cooperative device of distributing losses, falling on an individual or his family over a large number of persons, each bearing a nominal expenditure and feeling secure against heavy loss.

But what do we mean by the word perform when it comes to insurance and other financial service providers? In this case performance refers to how adequately a financial firm meets the objectives of stockholders (owners), employees, depositors, and other creditors, and borrowing customers. At the same time, these financial firms must find a way to keep government regulators satisfied so that their operating policies, loans, and investments are sound, protecting the public interest. The success or lack of success of these institutions in meeting the expectations of others is usually revealed by a careful and through analysis of their financial statements. The evaluation of insurance companies' performance is important for all parties: policyholders, shareholders or investors, employees and regulators. In a competitive financial market insurance companies' performance provides signal to policyholders and investors whether to invest or withdraw funds from the company. Similarly, it flashes direction to top management whether to improve its deposit service or loan service or both to improve its finance. Regulator is also interested to know for its regulation purposes. Better performance in the share market means that the insurance companies are showing higher EPS with lower P/E ratios, distributing regular dividend whether in cash or in bonus share, stable and reasonable market price of the share with lower investment risk.

6. Participation of Insurance Companies in Bangladeshi Stock Exchange

There are 77 insurance companies in Bangladesh. Only two of them are state owned insurance companies. Out of 77 companies, 46 are General and 31 life insurance companies. Only one foreign life insurance company named “American Life Insurance Company” operates their business in Bangladesh. Almost 44 insurance companies are listed in Dhaka Stock Exchange. Green Delta, City General insurance companies are the pioneer to participate in the Bangladeshi share market in early 80s.

Following table gives some integrated information about the selected listed Insurance Companies in DSE:

Table 3: Integrated Information about selected Insurance Companies

SL	DSE Trading Code	Listing Year	Market Category	Electronic Share	Authorized capital (BDT mn)	Paid up Capital (BDT mn)	Face Value	Market Lot	No. of Securities (FY 14-15)
1	AGRANINS	2005	A	Yes	500	254	10	1	26633809
2	CITYGENINS	1986	A	Yes	2000	619.69	10	1	61969202
3	CENTRALINS	1995	A	Yes	1000	448.41	10	1	44840857
4	GLOBALINS	2005	A	Yes	1000	327.38	10	1	32738446
5	GREENDELTA	1989	A	Yes	5000	806.91	10	1	80691187
6	ISLAMIINS	2009	A	Yes	1000	308.58	10	1	30857904
7	KARNAPHULI	1995	A	Yes	600	407.04	10	1	40703959
8	NORTHRNINS	2008	A	Yes	1000	387.81	10	1	38781464
9	SONARBAINS	2006	A	Yes	1000	297.32	10	1	29732350
10	TAKAFULINS	2008	A	Yes	1000	360.97	10	1	36097389

Source: Created (based on different websites) & Annual reports

Paid up capital indicates the financial strength and shareholders participation of the company. Greendelta Insurance Company has the highest paid up capital (BDT 806.91 million) with BDT 5000 million authorized capital. In terms of paid up capital City General Insurance Company Ltd. is on the 2nd position (BDT 619.69 million) with authorized capital of Tk 2000. All insurance companies are in A-Category Share in DSE. They have dematerialized and electronic share. In DSE, shares are called A-category if the company pays at least 10% dividend in any form and arrange annual general meeting regularly. Equal market lots of the general insurance companies attract investors to participate in trading the securities. Identical face value of the shares is BDT 10 par of the selected insurance companies. The important thing is that all listed insurance companies are the members of Central Depository Bangladesh Limited (CDBL), hence the share of these companies are in electronic or D-mat (De-materialize) format.

7. Classification of Ownership of the Insurance Companies

Ownership percentage represents sectors who hold the maximum shares available in the market. It is important to the investor to know the classification of ownership of the insurance companies. Market price somehow depends on the public holdings or government and sponsor/director holdings. If the institutional participations are increased, sometimes the price of the share will be increased. The following table shows the ownership among sponsors/ directors, government, institution, foreign and public investors.

Table 4: Share Percentage about selected Insurance Companies

SL	DSE Trading Code	Sponsor/Director	Government	Institute	Foreign	Public
1	AGRANINS	37.96	0	14.69	0	47.35
2	CITYGENINS	46.75	0	28.41	0.27	24.57
3	CENTRALINS	47.34	0	16.73	0	35.93
4	GLOBALINS	34.50	0	25.59	0	39.91
5	GREENDELT	50.78	0	18.73	8.25	22.24
6	ISLAMIINS	49.39	0	20.19	0	30.42
7	KARNAPHULI	28.58	0	9.54	0	61.88
8	NORTHRNINS	35.71	0	32.90	0	31.39
9	SONARBAINS	38.00	0	11.17	0	50.83
10	TAKAFULINS	42.77	0	23.52	0.25	33.46
	Average	41.17	0	20.15	0.88	37.80

Source: Created (based on different websites)

The study observed that there is no significant government participation in the ownership of any general insurance companies listed in DSE. Foreign investor's interest is also low in these sectors. Sponsor/Directors ownership is averaged 41.17% of all insurance companies. But the public holdings of the share are lower than directors holding and it is averaged to 37.80%. Institutional participations in the ownership of different insurance companies are also lower. If the majority holdings go to the public, there is a poor chance to gamble the price of share in the share market.

8. Analysis of Dividend and Other Payouts

Dividend is the part of the earnings of a corporation that is distributed to its shareholders annually. High dividend payouts always indicate the strong financial strength of any corporation. Seven insurance companies participating in DSE are usually pay dividends in cash or in bonus share. Offering bonus share attracts the investor to purchases the share of different corporations. Table-03 shows that maximum insurance companies in DSE offered stock dividend. All most all selected insurance companies offered lucrative bonus share in every Year. Only DELTALIFE insurance company did not declare and distribute any form of dividend during the period 2008-2011 due to the legal constraints. But for the expectation of accumulated dividend, the market price of the shares of this company went so high.

Table 5: Share Dividend (Bonus Share) during 2008-2015 (in percentage)

Sl	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	10%	10%	10%	10%	10%	5%	5%	5%
2	CITYGENINS	15%	25%	30%	25%	10%	20%	10%	10%
3	CENTRALINS	10%	15%	15%	15%	12%	-	8%	-
4	GLOBALINS	10%	10%	10%	10%	12%	10%	10%	10%
5	GREENDELTA	100%	25%	40%	25%	15%	15%	10%	-
6	ISLAMIINS	-	-	20%	10%	12%	15%	10%	10%
7	KARNAPHULI	20%	15%	20%	-	-	5%	5%	-
8	NORTHRNINS	15%	15%	12%	15%	12%	10%	10%	12%
9	SONARBAINS	10%	10%	12%	10%	12%	12%	6%	5%
10	TAKAFULINS	-	15%	15%	17%	15%	15%	12%	5%

ND= Not Declared during the research period

Table 6: Cash Dividend during 2008-2015

Sl	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	-	-	-	-	-	5%	10%	5%
2	CITYGENINS	-	-	-	-	-	-	-	-
3	CENTRALINS	-	-	-	-	-	14%	7%	10%
4	GLOBALINS	-	-	-	-	-	-	-	-
5	GREENDELTA	-	25%	40%	-	15%	15%	10%	25%
6	ISLAMIINS	-	-	-	15%	12.50%	7.50%	5%	-
7	KARNAPHULI	-	-	-	-	-	-	7%	10%
8	NORTHRNINS	-	-	-	-	-	-	-	-
9	SONARBAINS	-	-	-	-	-	-	6%	5%
10	TAKAFULINS	-	-	-	-	-	-	-	-

Source: Collected from companies' declarations

Most of the general insurance companies are interested to offer stock dividend rather than offering cash dividend. The rate of stock dividends is lucrative for all kinds of investors. But maximum time, after the declaration of the stock dividend, the market price of the companies went down gradually, which fail to meet the expectation of the small investors. The basic reasons behind this, is to raise the paid up capital. Besley (2008) said, regular stock dividend policy decreases the market price. So if the insurance companies frequently offer stock dividend, the negative impact such as decrease in share price, loss of goodwill, dissatisfaction of shareholders, sales of share at discount and increase in internal fund can be arisen in future. Greendelta Company somehow maintains the steady dividend policy and they are offering high rate of dividend among the listed insurance companies in Dhaka Stock Exchange and the market price of share of this company comparatively higher than other companies in this category.

9. Analysis of Net Asset Value (NAV)

The total value of an insurance company's assets less the total value of its liabilities is its net asset value (NAV). For valuation purposes, it is common to divide net assets by the number of shares in issue to give the net assets per share. This is the value of the assets that belong to each share, in much the same way that P/E measures profit per share. NAV is useful for the valuation of shares in sectors where the value of a company comes from the assets it holds rather than the profit stream generated by the business. According to Jim Clayton (1998), "Uninformed or noise traders push prices away from NAVs following the initial price moves cause by informed traders".

Table 7: Net Asset Value (NAV) during 2008-2015 (BDT)

SL	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	122.22	124.88	13.19	13.58	14.39	14.91	15.56	16.50
2	CITYGENINS	308.7	373.25	29.68	35.44	28.57	26.17	16.10	16.14
3	CENTRALINS	159.85	276.53	28.28	26.86	21.33	20.69	22.91	22.10
4	GLOBALINS	128.16	137	12.98	12.92	13.19	13.10	13.07	12.91
5	GREENDELT	964.83	52.41	85.04	70.41	89.97	81.15	76.78	73.87
6	ISLAMIINS	145.13	125.41	14.60	13.15	13.40	13.83	13.96	13.38
7	KARNAPHULI	208.15	21.39	21.59	19.36	19.42	19.87	19.74	17.87
8	NORTHRNINS	126.60	123.32	11.85	12.09	12.49	13.15	20.70	20.67
9	SONARBAINS	119.25	124.99	13.25	13.94	14.96	15.46	15.82	-
10	TAKAFULINS	135.74	173.52	17.54	17.23	17.45	17.45	16.58	16.35

Source: Created (based on DSE Websites: <http://www.dsebd.org/displayCompany.php>)

Data show that during this research period, no general insurance company has the negative Net Asset Value (NAV) among the selected listed insurance companies. NAV of the selected insurance companies are so closed to the market price of the share in recent years. So it is a golden chance and time for the investor to purchase the share of different insurance companies.

10. Analysis of Earnings per Share (EPS)

Earnings per share are generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio. To look at earnings per share (EPS) makes more sense for use as a comparison tool. An important aspect of EPS that's often ignored is the capital that is required to generate the earnings (net income) in the calculation. Two companies could generate the same EPS number, but one could do so with less equity (investment) - that company would be more efficient at using its capital to generate income and, all other things being equal would be a "better" company. Investors also need to be aware of earnings manipulation that will affect the quality of the earnings number. It is important not to rely on any one financial measure, but to use it in conjunction with statement analysis and other measures.

Data given below are the earnings per share (EPS) of selected insurance companies during 2008-2015.

Table 8: Earnings per Share (EPS) During 2008-2015

Sl	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	11.90	12.10	1.75	1.59	2.04	1.83	1.84	1.94
2	CITYGENINS	29.14	52.11	6	4.07	1.26	0.71	1.59	1.50
3	CENTRALINS	21.36	24.81	3.13	2.27	1.70	1.98	2.21	1.54
4	GLOBALINS	10.27	12.04	1.096	1.13	1.22	1.33	1.51	1.03
5	GREENDELT	124.68	5.70	13.32	3.14	4.60	3.72	3.61	3.05
6	ISLAMIINS	18	7.51	2.05	.98	1.45	1.93	2.04	1.15
7	KARNAPHULI	34.85	4.47	3.98	2.12	1.56	1.70	1.53	0.47
8	NORTHRNINS	20.67	13.33	1.12	1.51	1.98	2.00	2.02	1.85
9	SONARBAINS	11.64	14.07	1.66	1.72	1.88	1.77	2.06	1.67
10	TAKAFULINS	36.21	25.30	3.45	2.07	2.52	2.28	1.40	1.55

Source: Created (based on DSE Websites)

It is observed that the EPS of all selected insurance companies have great volatility. EPS of Takaful Insurance Company, Karnaphuli Insurance Company are low comparing to others, EPS in 2009 because of the attachment of additional bonus share. In 2009 the percentage change of EPS of Takaful is -30.12% (negative). But at the same time (in 2009), Global Insurance has shown positive percentage change of EPS which was 17.23%. This is the basic reason for which the market price of Takaful Insurance company fallen down in 2009 and 2010 and that of increased for Global Insurance Company Limited. Except Citygeneral Insurance, Agrani Insurance, Global Insurance, Sonar Bangla Insurance companies have shown somehow stable EPS which indicate their continuous better performance. No insurance company has the negative EPS. If these companies failed to maintain positive EPS trend in future, then according to Samuel (2001), “negative returns following dividend omission”. This situation decreases the current market price of the share.

11. Analysis of Price Earnings Ratio (P/E)

Kodjo Adadevoh (2008) says that the Price to Earnings ratio (P/E ratio) is one of many ratios used by investors to evaluate how expensive or cheap a stock is relative to its historical cost.

The P/E looks at the relationship between the stock price and the company’s earnings. The P/E is the most popular metric of stock analysis. The P/E gives an idea of what the market is willing to pay for the company’s earnings. The higher the P/E ratio, the more the market is willing to pay for the company’s earnings. Some investors read a high P/E as an overpriced stock and that may be the case, however it can also indicate the market has high hopes for this stock’s future and has bid up the price. Conversely, a low P/E may indicate a “vote of no confidence” by the market or it could mean this is a sleeper that the market has overlooked.

Table 9: Year End Price Earnings (P/E) Ratio during 2008-2015

SI	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	27.92	42.78	56.73	28.48	16.94	13.46	10.16	8.76
2	CITYGENINS	17.82	17.49	23.16	16.18	23.51	34.24	12.92	8.60
3	CENTRALINS	20.04	34.27	40.07	34.44	22.57	14.80	11.85	10.71
4	GLOBALINS	20.80	45.89	92.05	45.10	33.58	23.88	14.96	12.82
5	GREENDELTA	31.79	29.30	24.51	60.72	18.35	30.13	22.59	17.61
6	ISLAMIINS	-	66.51	66.42	49.55	25.81	19.35	11.62	14.00
7	KARNAPHULI	14.14	47.79	29.52	23.73	19.94	15.00	11.92	25.11
8	NORTHRNINS	9.31	44.00	86.06	35.57	25.71	22.71	15.05	9.19
9	SONARBAINS	14.13	31.90	55.16	25.73	18.69	15.63	8.83	7.19
10	TAKAFULINS	5.56	23.49	40.57	37.12	19.86	19.04	18.29	10.45

Source: Created (based on DSE Websites)

In terms of P/E ratio, the investor can choose insurance companies as their P/E ratio is in the favorable level of investment. Lower P/E indicates the chance of gaining profit from lower investment. From investing in insurance companies, they investor can get back their money within a lower payback period. In support of this argument, Martin Chapman (2009), says that the P/E ratio is used by investors to assess how many years it will take them to get the value of their investment back. EPS of maximum insurance companies are below 20 which indicate the favorable investment opportunity for the small and other investors.

12. Analysis of Right Issues

A rights issue is a way in which a company can sell new share in order to raise capital. Shares are offered to existing shareholders in proportion to their current shareholding, respecting their pre-emptive rights. The price at which the shares are offered is usually at a discount to the current share price, which gives investors an incentive to buy the new shares — if they do not, the value of their holding is diluted.

Table 10: Right Issue during 2008-2015

SL	DSE Trading Code	2008	2009	2010	2011	2012	2013	2014	2015
1	AGRANINS	-	-	-	-	-	-	-	-
2	CITYGENINS	-	-	-	1R:1	-	-	-	-
3	CENTRALINS	-	1R:5	-	-	1R:2	-	-	-
4	GLOBALINS	-	-	-	-	-	-	-	-
5	GREENDELTA	-	-	-	-	-	-	-	-
6	ISLAMIINS	-	-	-	-	-	-	-	-
7	KARNAPHULI	-	-	1R:1	-	-	-	-	-
8	NORTHRNINS	-	-	-	-	-	-	-	-
9	SONARBAINS	-	-	-	-	-	-	-	-
10	TAKAFULINS	-	-	-	-	-	-	-	-

Source: Created (based on DSE Websites)

The above data shows that only City General, Central Insurance and Karnaphuli Insurance Company has issued right share. In Nature they are general insurance companies. No life insurance companies has issued right share during the research period. But there are chances of issuing rights in future by other companies.

13. Findings of the Study

After analyzing the data, the study observed that -

01. Government and Foreign investors are not interested to invest in the shares of general insurance companies in Bangladesh. Institutional participation is also low.
02. Directors and Sponsors holdings in company's shares are higher than the public holdings.
03. This study found that the shares of selected insurance companies have splitted their Face Value in unique amount (i.e. BDT 10). Before FY 2009, Face value of the shares of some companies was BDT 100 and some had BDT 10. These different face values confused the investors. Small investors faced problems if the face value becomes higher like BDT 100. Offering identical Face value of their share like BDT 10 par helps the investor to compare the market price.
04. In case of paying dividend, general insurance companies declared both cash and stock dividend. Some company offers stock and cash dividend in the same year. This is much lucrative to the existing and potential investors.
05. Dividend re-investment plans (DRIP) are not taken by the listed insurance companies in DSE.
06. Trend of issuing right shares by the listed general insurance companies are not satisfactory. Only three companies (Citygeneral, Central and Karnaphuli) issued right shares to raise capital.
07. Price Earnings Ratios (P/E) is significantly lower than the previous years. That means the market price of the shares of these companies goes down in recent years.

14. Recommendations

Based on the observation, the study recommends that-

01. Insurance companies must maintain a balance relationship between the net income and the rate of declared dividend. A good rate of dividend can attract Foreign investors, Institutional investors and general (Public) investors to purchase the shares of the company.
02. General insurance companies listed in DSE can offer Dividend Re-investment Plan (DRIP) for the investors to compensate the market risk.
03. To ensure the participation of investors, the insurance companies can offer a combination of both stock dividend (bonus share) and cash dividend in different years.
04. To raise capital, companies can issue right shares at par or sales at premium. Right share attracts existing and potential investors to invest in this company.
05. Price sensitive information should be disclosed in all types of media to aware the investors.

15. Conclusions

This research paper evaluates the share market performance of listed general insurance companies in terms of dividend policies, dividend ratios, EPS, P/E ratios and other profitability indicators, net asset values, proportion of ownership, bonus and right issues for the period 2008-2015 based on secondary data. Financial tools and techniques are applied in measuring these performances. The study found that maximum insurance companies are doing well in Bangladeshi share markets. They are giving regular dividend. And the rate of dividend is higher than other financial institutions participating in the share markets. But all insurance companies have greater opportunity to show better performance in the stock exchange in future. Finally, the study has recommended some policies for the selected companies to do well in future in the capital market. These policies are to offer identical market lot, identical face value, issuing convertible preferred stock, issuing right shares, offering a good rate of bonus shares and corporate bonds etc.

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