We are delighted to announce that THE BANGLADESH EXPRESS has successfully completed its 30-year golden journey on July 29, 2024.

We extend our deepest gratitude to our readers, patrons, and advertisers for their unwavering support and partnership, which have been instrumental in our growth and success. Thank you for being an essential part of our journey and for your continued trust in our mission.

We look forward to celebrating this milestone with a special supplement, followed by a discussion and events featuring the participation of our valued community.

HAPPY 30th YEARS ANNIVERSARY

1994-2024

THE BANGLADESH EXPRESS

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Bangladesh Insurance Forum

Message from BIF President

Ensure a Safety Net for Vulnerable People for a New Bangladesh

Nobel Laureate Prof. Dr. Muhammad Yunus, Chief Advisor to Bangladesh's Interim Government, delivered a groundbreaking speech at the 79th session of the United Nations General Assembly (UNGA) in New York recently. His visionary address garnered global attention for advocating a poverty-free world through his innovative social business model, leveraging artificial intelligence, promoting knowledge sharing, and calling for global unity in combating climate change. In his UN General Assembly speech, Dr. Yunus informed the house that Bangladesh is going to implement comprehensive state reforms, highlighting the need for financial inclusion, poverty reduction, sustainable development, social equity and universal access to finance.

Dr. Muhammad Yunus, the visionary economist and founder of Grameen Bank, has been at the forefront of Bangladesh's financial and economic development for over four decades. His pioneering work in microfinance, which earned him the Nobel Peace Prize in 2006, has uplifted millions from poverty, particularly women in rural areas, by providing small loans without the need for traditional collateral. As the founder of Grameen Bank, Dr. Yunus introduced microcredit as a tool to alleviate poverty, empowering millions of marginalized people, particularly women, through small, accessible loans. Over time, the microfinance sector, largely driven by Dr. Yunus' work, contributed to a reduction in poverty rates from 40% in 2000 to around 20% by 2020, according to the World Bank.

Microfinance is the engine of economic growth, while microinsurance serves as its wheels. Therefore, to transform Bangladesh, insurance reform is the Foundation of a New Bangladesh. Microfinance and microinsurance are closely related concepts aimed at enhancing the financial security and resilience of low-income individuals and communities. However, the harsh reality is that Bangladesh's insurance industry lags significantly behind its neighbouring countries, primarily due to insufficient policy support and the absence of meaningful reform measures.

Dr. Yunus' address to the UN Assembly resonates with Bangladesh's ongoing reform initiatives, focused on expanding social security and reducing inequality. Therefore, state reform must prioritise insurance as a vital component, advocating for universal access to affordable health and life coverage. These efforts would create a safety net for the nation's most vulnerable, bolstering resilience against economic hardships and natural disasters. In my view, such measures are essential for sustainable progress.

B. M. Yousuf Ali

Bangladesh Insurance Forum (BIF) is a registered non-profit organisation and the platform for CEOs of all leading insurance companies in Bangladesh

INSURANCE EXPRESS

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Editorial Office
76 Purana Paltan Line, 3rd Floor
Dhaka-1000. Contact : 09611656102
E-mail: dailybdexpress94@gmail.com
www.thebangladeshexpress.com

FREEDOM

From the Desk of the Editor

State Reform Must Prioritise Insurance for a Stronger New Bangladesh

The interim government led by Dr. Muhammad Yunus has initiated a series of reforms to restructure the state for new poverty and discrimination-free Bangladesh. Decades of discrimination, inequality and systemic injustice cast a long shadow over the nation, highlighting the urgent need for social reform at all levels. However, the debate over the state reforms touches on larger questions about the future of Bangladesh's economy. The country has made significant strides in recent years, with GDP growth consistently above 6% and poverty rates declining sharply. Much of this growth has been fuelled by financial inclusion, with microfinance and microinsurance playing a crucial role in empowering small-scale entrepreneurs, particularly women.

Here, the insurance industry should come to the fore as it can boost the economy by offering microinsurance services to people living at the bottom of the pyramid and minimising the risks of businesses. With new reform measures in place, industry experts anticipate significant growth in Bangladesh's insurance industry, driven by innovations such as bancassurance partnerships with banks and the adoption of digital operations through mobile banking and apps.

The primary bottlenecks hindering the growth of Bangladesh's insurance industry include bureaucratic inefficiencies, lack of public awareness, insufficient regulatory frameworks, and limited access to innovative insurance products. These challenges stifle market penetration and restrict the sector's potential contribution to the nation's GDP. Uneven competition, low rate of claim settlements, and financial irregularities by a few agents hit policyholders' trust and confidence. The situation has been aggravated due to the lack of professionalism, and financial literacy among policy seekers, the gap between the promise and the reality and the rising income inequality that has kept a large proportion of the population outside insurance coverage.

However, if the state reform measures pay more attention to the insurance industry, the contribution of the country's insurance sector to the GDP could be increased to 4 to 5 per cent, said a CEO of a leading insurance company.

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Bangladesh Insurance Forum

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E-mail: editor@thebangladeshexpress.com; news@thebangladeshexpress.com; dailybdexpress94@gmail.com.
website: http://www.dailybdexpress.com; http://www.thebangladeshexpress.com

State Reform

Prioritising Insurance for a New Bangladesh

FARUK AHMED

After a civil war, the US President Abraham Lincoln in his 1862 Annual Address to Congress said: The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew.

After a student-mass revolution, the head of the Bangladesh Interim government Nobel laureate Prof Dr Yunus said: Imposing the dominance of the majority or misrule on the people under the guise of elections or concentrating all power in the hands of one person, family, or group, is unacceptable. It has become essential to carry out some national reforms to prevent the re-emergence of fascism or authoritarian rule for a new Bangladesh.

Therefore, the Chief Advisor has formed six commissions to reform the judiciary, election system, administration, police, Anti-Corruption Commission, and the

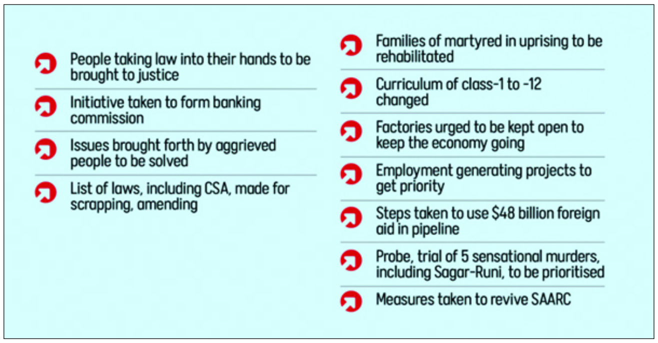
constitution. The reforms aim to build a New Bangladesh based on public ownership, accountability, and welfare, he said in his speech to the nation recently.

Dr. Muhammad Yunus, the visionary economist and founder of Grameen Bank, has been at the forefront of Bangladesh's financial and economic development for over four decades. His pioneering work in microfinance, which earned him the Nobel Peace Prize in 2006, has uplifted millions from poverty, particularly women in rural areas, by providing small loans without the need for traditional collateral.

However, in recent years, the government has initiated a series of reforms aimed at restructuring the institutions founded and led by Dr. Yunus, particularly Grameen Bank. These reforms, while controversial, have sparked a debate over the balance between regulation and innovation, and their potential impact on Bangladesh's economic and financial future.

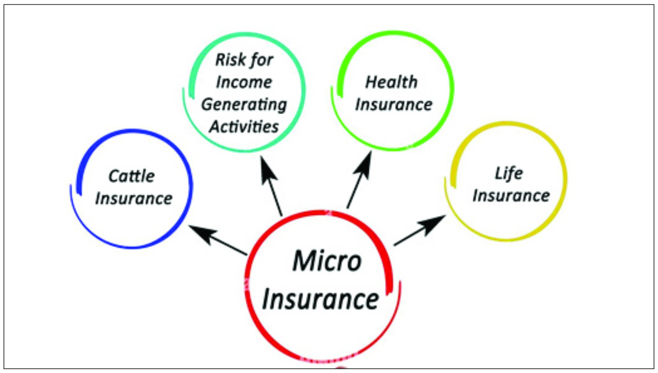
The debate over the state reforms touches on larger questions about the future of Bangladesh's economy. The country has made significant strides in recent years, with GDP growth consistently above 6% and poverty rates declining sharply.

Much of this growth has been fuelled by financial inclusion, with microfinance and microinsurance playing a crucial role in empowering small-scale entrepreneurs, particularly women.



Microfinance & Microinsurance: Synergistic Partners for Growth

Microfinance is the engine of economic growth, while microinsurance serves as its wheels. Therefore, to transform Bangladesh, insurance reform is the Foundation of a New Bangladesh.



As the founder of Grameen Bank, Dr. Yunus introduced microcredit as a tool to alleviate poverty, empowering millions of marginalized people, particularly women, through small, accessible loans.

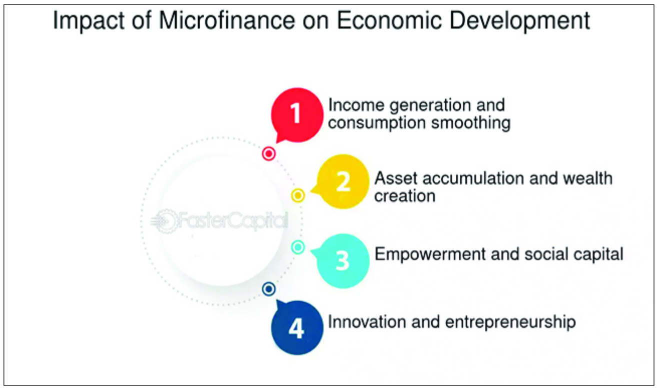
Microfinance, by providing small-scale capital, helped create a grassroots movement of entrepreneurship and financial inclusion, driving economic growth in previously underserved regions. Over time, the microfinance sector, largely driven by Dr. Yunus' work, contributed to a reduction in poverty rates from 40% in 2000 to around 20% by 2020, according to the World Bank.

Microfinance and microinsurance are closely related concepts aimed at enhancing the financial security and resilience of low-income individuals and communities. Microfinance and microinsurance serve as synergistic partners for growth by providing low-income individuals and communities with a comprehensive financial safety net.

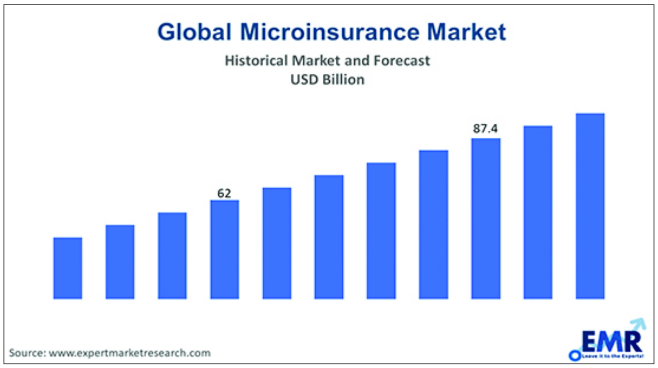
Microfinance enables access to small loans and savings options, empowering entrepreneurs to start or expand their businesses, thereby generating income and fostering economic development. Meanwhile, microinsurance protects these same individuals from financial risks associated with health emergencies, natural disasters, and other unforeseen events. By combining these two services, beneficiaries can invest confidently in their ventures, knowing they have a safety net to fall back on in times of crisis.

This integrated approach not only enhances financial stability but also promotes resilience, allowing communities to thrive and break the cycle of poverty. Together, microfinance and microinsurance create a robust framework for sustainable growth, making them essential tools for fostering inclusive economic development.

In Bangladesh, microfinance and microinsurance have significantly contributed to economic growth by empowering marginalised populations and enhancing financial inclusion. With its extensive network of microfinance institutions, Bangladesh has provided millions of low-income individuals access to small loans and savings products, enabling them to start businesses, invest in education, and improve their living conditions. This infusion of capital has not only fostered entrepreneurship but also stimulated local economies.



Simultaneously, microinsurance offers a critical safety net, protecting these entrepreneurs and their families from unexpected financial shocks such as health crises or natural disasters. By mitigating risks and promoting resilience, microinsurance encourages individuals to take bold steps toward growth without the fear of losing their investments. Together, microfinance and microinsurance create a robust ecosystem that supports sustainable development, reduces poverty, and contributes to the overall economic stability of Bangladesh, positioning it as a model for inclusive financial practices in the region.



However, the contribution of microinsurance in Bangladesh remains significantly lower than that of microfinance, primarily due to the country's low insurance penetration, which stands at just around 2% of the population, compared to microfinance, which serves over 30 million clients. This disparity highlights the need for enhanced awareness and accessibility of microinsurance products to ensure that low-income individuals can fully benefit from the protective measures that insurance offers.

Insurance as a Microfinance Product

There is an attractive development logic for the provision of insurance to low-income households. One can easily create a compelling story of how a microinsurance product will protect the poor against devastating losses or smooth the volatile cash flow of low-income households while generating increased profits for the microfinance institution (MFI).

Today's microfinance industry abounds with such stories, and dozens of MFIs are rolling out microinsurance products in a rush to meet both client and institutional needs. While there is no doubt that low-income households are highly vulnerable to risks-nor that MFIs are in need of increased profits-microinsurance is only a partial response. Study says that most MFIs will find difficult to implement because they have not yet had cause to create the specialized skills and institutional structures that commercial insurers have developed over decades, in order to underwrite risks prudently.

Industry experts say low-income households identify some of the most common causes of declines in their well-being as death, injury, or illness of an income earner; natural disasters; and theft. Exposure to these risks affects households in two ways. First, households affected by a risky event incur a potentially substantial monetary loss, such as the cost of rebuilding a market stall destroyed in a fire. Second, households exposed to a risk suffer ongoing uncertainty about whether and when a loss might occur. For example, if fires occur frequently in her market, a vendor may be unwilling to expand her stall for fear of losing the stall to fire before benefiting from the modifications.

In contrast, insurance can provide low-income households with a greater degree of protection against property, death, health, and disability risks, because the risk of these events occurring is pooled over a large number of people, at a much lower cost or premium per person. The cost of insuring against an uncertain event is considerably lower than self-insuring through savings, and is small relative to a household budget. As a risk event becomes more certain, and the expected amount of loss is more manageable, credit and savings products become more cost effective than insurance. For example, lifecycle events are mostly predictable, occur widely, and have a cost that most households can bear. If insured, the incidence of payout would be high and could be financed only through a premium that was high relative to a household's annual income. For this reason, lifecycle risks are typically mitigated with savings and credit.

Conversely, disability, and some death, health, and property losses are higher than the levels at which most households can reasonably self insure. However, these events are much more uncertain and may never occur at all within a certain time span. As a result, they are candidates for mitigation through broad-based risk pooling, accomplished through insurance with relatively low premiums per person. Mass/covariant risks are generally not insurable (without access to reinsurance or a geographically diverse group of policyholders).

The potential that an entire insured population would be exposed to a loss simultaneously largely eliminates the benefits of risk pooling. The financial sustainability of the insurance plan would require total premiums equal to the sum of individual self-insurance requirements.

Why Insurance Matters in National Development

Insurance is more than just a financial product; it serves as a critical tool for risk management, social security, and economic stability. For developing countries like Bangladesh, where poverty levels remain a challenge, insurance can play a transformative role in protecting individuals and communities from financial shocks. Whether it is health, agriculture, or disaster insurance, these mechanisms can reduce vulnerability and foster resilience against economic downturns and natural calamities.

In rural areas, for example, where agricultural livelihoods are highly susceptible to flooding, drought, and cyclones, agricultural insurance could serve as a buffer. It would not only provide farmers with protection against crop loss but also offer financial relief, encouraging investment in more productive agricultural methods. This would boost economic growth in rural regions and contribute to poverty alleviation.

Health Insurance: Securing Well-being

The healthcare system in Bangladesh, despite notable improvements, continues to struggle with issues of accessibility, affordability, and quality. Out-of-pocket health expenses often push families below the poverty line, underscoring the need for comprehensive health insurance coverage. Health insurance schemes, especially those that are state-backed and tailored for low-income families, can ensure access to medical care without plunging households into debt.

A reformed healthcare system that includes universal or subsidized health insurance would not only improve health outcomes but also contribute to productivity. A healthier population is a more productive one, fueling the nation's economic development. By prioritizing health insurance in state reforms, Bangladesh can take a significant step toward ensuring equitable healthcare for all.

Insurance for Disaster Resilience

Bangladesh is one of the most climate-vulnerable countries in the world, frequently exposed to natural disasters like floods, cyclones, and rising sea levels. Climate-related risks pose a serious threat to the nation's economy, infrastructure, and human life. Therefore, state reform efforts must integrate disaster risk insurance into the broader national strategy for disaster management.

State reform should focus on expanding access to microinsurance, which could address the needs of marginalized communities. By integrating microinsurance with existing financial inclusion initiatives, the government can foster a safety net that reduces poverty and enhances the socio-economic resilience of vulnerable populations.

Disaster insurance, both at the individual and national levels, can be a game-changer. For citizens, having access to affordable disaster insurance can provide financial stability in the aftermath of a catastrophe, enabling them to rebuild their lives and livelihoods. On a larger scale, state-backed disaster insurance mechanisms could enable the government to rapidly mobilize resources for post-disaster recovery, reducing the long-term socio-economic impacts of natural disasters.

Financial Inclusion through Microinsurance

Bangladesh has made significant strides in financial inclusion through mobile banking and other digital financial services, but large segments of the population, particularly in rural and low-income areas, remain uninsured. Microinsurance products, which offer low-cost insurance coverage tailored to the needs of low-income individuals, can fill this gap.

State reform should focus on expanding access to microinsurance, which could address the needs of marginalized communities. By integrating microinsurance with existing financial inclusion initiatives, the government can foster a safety net that reduces poverty and enhances the socio-economic resilience of vulnerable populations. This would, in turn, contribute to long-term economic growth and social stability.

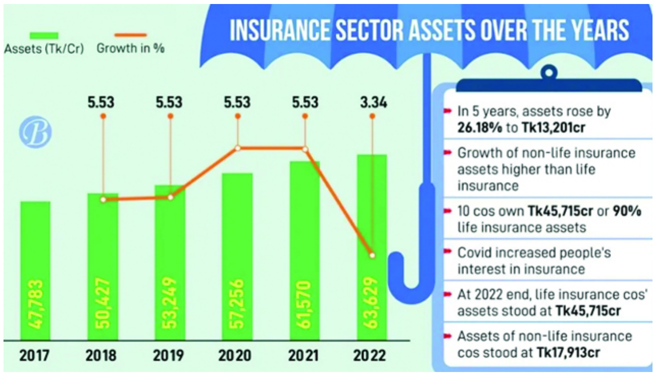
Bangladesh Insurance: Needs more attention

The harsh reality is that the country's insurance sector had little contribution to the GDP if we compare it with our neighbouring countries. The insurance sector's contribution to India's GDP is nearly 4 per cent, while in our country, it is only 0.27 per cent.

As emerging markets are set to become key drivers of global growth, the insurance industry is experiencing a transformative shift at the end of 2021, characterized by an explosion of data availability, advancements in digital and mobile technology, and rapid progress in analytics and artificial intelligence. In stark contrast, Bangladesh's insurance sector is struggling to keep pace, facing numerous obstacles that hinder its development, as highlighted in Aon's 2022 Asia Market Review.

The primary bottlenecks hindering the growth of Bangladesh's insurance industry include bureaucratic inefficiencies, a lack of public awareness, inadequate regulatory frameworks, and limited access to innovative insurance products. These challenges stifle market penetration and curtail the sector's potential contribution to the nation's GDP.

According to the CEO of a leading insurance company, with increased attention from the relevant authorities, the insurance sector's contribution to GDP could rise to 4-5%. Moreover, uneven competition, a low rate of claim settlements, and financial irregularities among certain agents erode policyholders' trust and



confidence. The situation is further exacerbated by a lack of professionalism and financial literacy among potential policyholders, as well as the growing disparity between promises made and the actual benefits received. Rising income inequality has also left a significant portion of the population without insurance coverage, limiting overall market growth.

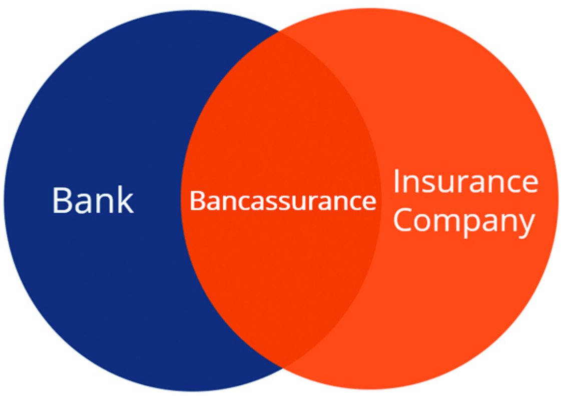
The poor who face many risks do not have insurance policies which can be attributed not only to the lack of awareness, but also to the economic factors creating their inability to buy the policies. There is also a mismatch between the demand for and supply of the products and services", Dr Md Main Uddin said. " Before launching any product, there should be a survey on prospective customers".

Industry experts say the insurers have to balance the need for adequate reserves for claims, maintained profitability and affordable coverage for consumers.

Collaboration, Innovation and Digitalization is Essential

With the implementation of new reform measures, industry experts expect substantial growth in Bangladesh's insurance sector, driven by innovations such as bancassurance partnerships with banks and the integration of digital operations through mobile banking and apps.

Last year, the government introduced the 'Bancassurance' model, which allows insurance products to be sold through banking channels under the supervision of the Insurance Development and Regulatory Authority (IDRA) and Bangladesh Bank. This model offers numerous advantages by combining insurance products with banking services, enhancing customer convenience through a one-stop solution for financial needs. Additionally, banks can leverage their extensive customer base and distribution networks to effectively reach a larger pool of potential policyholders.



This collaboration fosters trust and credibility among customers, who benefit from simplified processes and competitive pricing. For insurers, bancassurance expands market reach without significant infrastructure costs, boosting sales and profitability.

The partnership also enables banks to diversify revenue streams and enhance customer loyalty through comprehensive financial solutions. Overall, bancassurance promotes efficiency, accessibility, and customer satisfaction in the financial services sector.

The "Bangabandhu Shikkha Bima" scheme has been introduced by the Insurance Development and Regulatory Authority of the Government of the People's Republic of Bangladesh to prevent students from dropping out of educational institutions.

The "Bangabandhu Shikkha Bima" scheme needs to be introduced on a priority basis in various educational institutions to maintain the continuity of the risk-free educational life of potential students. Astha Life is going to launch "Bangabandhu Shiksha Bima" among 1.84 lakh students of educational institutions controlled by the Armed Forces.

However, the industry needs to pay more attention to digital transformation which is imperative to remain competitive and meet evolving customer expectations. Embracing digital transformation not only optimises internal processes but also expands market reach, attracting a tech-savvy customer base and fostering innovation in product offerings to stay ahead in the dynamic insurance landscape.

Digital platforms facilitate personalized insurance products, real-time risk assessment, and streamlined claims processing, enhancing overall customer satisfaction. As the health insurance industry is shaken up by the sharing economy, these companies are being forced to evolve to stay in step with the competition.

While innovation is necessary, destroying brand recognition is a bad idea.

In the age of instant gratification, term life insurance has lagged in delivering swift service responses. The traditional methods of quoting insurance involve cumbersome paperwork, long waiting periods for underwriting decisions and a general lack of transparency.

As insurance companies seek to win over younger customers, their products need to be designed to build trust with them. Companies should inject their web designs with bright, adventurous colours to give their digital products a more modern appearance.

Industry experts emphasize that for Bangladesh to realize its dreams and ambitions, insurance companies must prioritize digitalization across their processes, products, and services.

The Role of the Government in Insurance Reforms

For insurance to become a central pillar in state reform, the government must take proactive steps. This includes formulating policies that incentivize private sector participation, creating public-private partnerships, and offering subsidies or incentives to make insurance affordable for low-income citizens.

For insurance to become a central pillar in state reform, the government must take proactive steps.

Additionally, regulatory reforms are necessary to ensure that insurance companies operate in a transparent, efficient, and customer-friendly manner.

The government should also invest in public awareness campaigns to educate citizens on the importance of insurance and how they can benefit from different schemes. This is especially important in rural areas, where understanding of financial products may be limited. Building trust in the insurance sector will require a combination of government backing and private sector innovation, ensuring that the benefit of insurance reaches every corner of society.

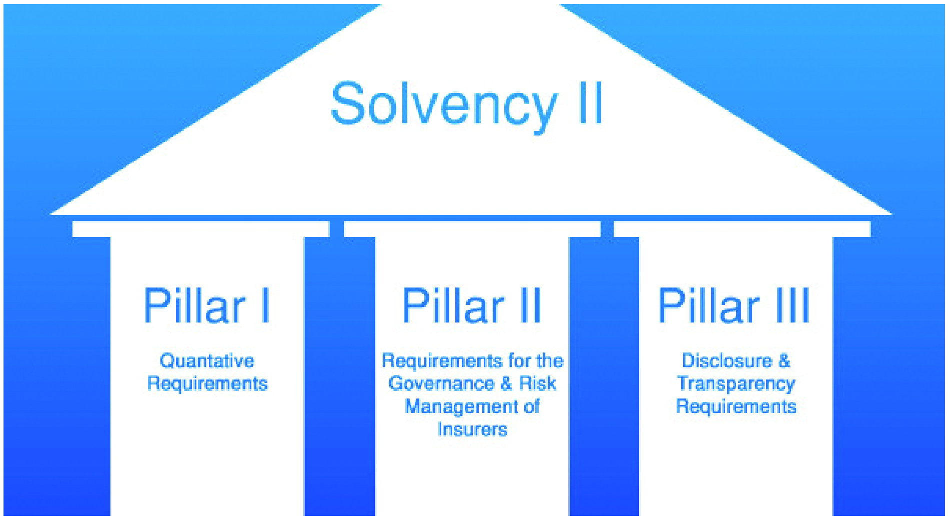
Future Prospects: Toward a Balanced Approach

The challenge for Bangladesh moving forward will be to strike a balance between necessary regulation and maintaining the entrepreneurial spirit of microfinance and microinsurance. Dr. Yunus' model has proven that innovative financial solutions can drive economic growth and reduce poverty, but as the country's economy matures, ensuring that these institutions operate within a robust regulatory framework is equally important.

If the state reforms are implemented thoughtfully, they could help institutionalize microfinance in a way that attracts more investment, integrates it into the broader banking system, and protects the interests of borrowers. However, the government must be careful not to overreach and risk undermining a system that has done so much for economic development in Bangladesh.

The state reforms aimed at Dr. Yunus and his institutions present both opportunities and risks. If handled well, they could strengthen the financial sector, boost economic growth, and help Bangladesh continue its remarkable journey toward becoming a middle-income country. However, they must also preserve the innovation and flexibility that have made microfinance and microinsurance such a transformative force in the lives of millions of Bangladeshis.

Insurance as a Pillar for a New Bangladesh

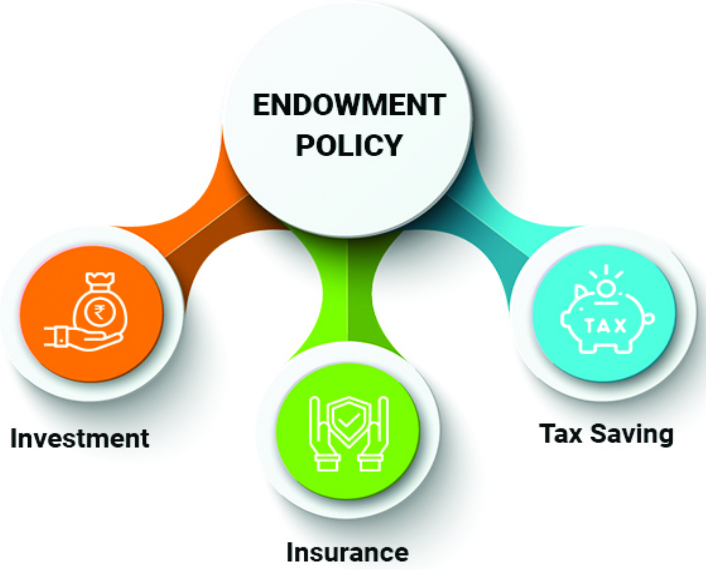


As Bangladesh embarks on a journey of state reform to build a stronger, more inclusive nation, insurance should be at the forefront of this transformation. By prioritizing health, disaster, agriculture, and microinsurance, the country can create a comprehensive safety net that protects its citizens from financial shocks, enhances resilience, and fosters economic growth. Effective insurance policies can serve as both a catalyst for poverty reduction and a foundation for sustainable development.

To create a developed nation, prioritizing insurance in the reform agenda is essential, as the number of people with insurance coverage in Bangladesh is significantly lower than in neighbouring countries. In 2022, approximately 6.3 million individuals fell below the poverty line due to healthcare expenses, with 61 per cent of hospitalised patients experiencing financial distress, according to the Bangladesh Institute of Development Studies.

Many were forced to sell their property, jewellery, and other assets, while others resorted to high-interest loans to cover healthcare costs. Although health insurance could mitigate this risk, coverage in Bangladesh lags behind that of neighbouring countries.

Several barriers hinder the expansion of health insurance, chief among them being a lack of awareness regarding the benefits of health risk management.



Additionally, many private sector employees expect health insurance as part of their employment benefits, which leads them to feel less inclined to seek coverage independently. For example, endowment policies that provide maturity benefits have become extensively popular among the people, with most insurers now promoting these products more than health insurance.

However, many issues still need to be addressed. The previous government implemented several measures aimed at enhancing transparency in operations, which is essential for building trust within the industry. Unfortunately, these policies have yet to be fully realized or effectively communicated to the public.

To transform the insurance sector and help the nation achieve a developed smart nation, it is urgent to foster trust in businesses, attract talented individuals, engage skilled professionals, and implement robust reform measures. Strengthening these areas will create a resilient and innovative insurance industry, essential for sustainable development and economic growth.

Industry experts assert that the Insurance Development and Regulatory Authority (IDRA), the regulatory body overseeing the insurance industry, must be empowered with sufficient legislative authority and skilled personnel. At present, IDRA is perceived as lacking effectiveness and functioning merely as a "paper tiger."

To build a new Bangladesh that is secure, equitable, and forward-thinking, insurance reform is not just an option-it is a necessity. The sooner it is integrated into the broader state reform agenda, the faster Bangladesh can realise its vision of becoming a prosperous, stable, and inclusive nation.

(The writer is the Editor of THE BANGLADESH EXPRESS & Chairman of Bangladesh Journalists' Foundation for Consumers & Investors-BJFCI)

Dr M Aslam Alam joins IDRA as 10th chairman

Express Report

The interim government has appointed former senior secretary M Aslam Alam as the new chairman of the Insurance Development and Regulatory Authority (IDRA).

Mr. Alam has been appointed on a contractual basis for a three-year term or until he turns 68. His appointment comes following Mohammad Jainul Bari's resignation as chairman of the insurance regulator on September 5.

M Aslam Alam is the 10th chairman of the IDRA. Before this new assignment, he was the Chairman and Executive Director of the Bangladesh Institute for Information Literacy and Sustainable Development (BIILSD).

He started his career with the Bangladesh Administrative Service and recently retired as a Senior Secretary to the Government Academy. During his career service, Mr Alam has significantly contributed to the development of policy-making in his role as the Secretary of the Financial Institutions Division (BFID) of the Ministry of Finance and the Secretary of the Ministry of Disaster Management and Relief (MoDMR) as well as the Director General of the Department of Land Records and Surveys and the Director General-3 at the Prime Minister's Office.

Dr Alam has been a catalyst in the digitalisation of special libraries at the governmental level. He also worked on lien with the UNDP/UNOPS for four years as the Senior Program Manager of the Comprehensive Disaster Management Programme (CDMP). He also has an extensive rural development background.

Dr. Alam obtained his PhD in Social Science and Policy (Environmental Policy) from the University of New South Wales in Sydney, Australia. Before doing PhD, he did an MA in International Relations with a specialisation in international economic cooperation at the International University of Japan (IUJ).

Jainul Bari made chairman of Sadharan Bima Corporation

Express Report

The government has appointed Mohammad Jainul Bari, the immediate past chairman of the Insurance Development and Regulatory Authority (IDRA) as the new chairman of the board of directors of Sadharan Bima Corporation (SBC). He has been appointed on a contractual basis for a three-year term, said a circular of the Finance Ministry. Jainul Bari officially resigned from IDRA on September 5. He was appointed as the IDRA chairman on a contractual basis on June 15, 2022, for a three-year term. Before joining the IDRA, Jainul served as the secretary of the Planning Division.

Dulal Krishna Saha, chairman of the board of directors of SBC, resigned from his post on September 9, according to a Financial Institutions Division circular.

A Historical Overview of IDRA Chairman

Express Report

Serving a full term as Chairman of the Insurance Development and Regulatory Authority (IDRA) has proven to be a formidable challenge, with most appointees unable to complete their three-year tenure as the country's insurance industry is gripped by some powerful actors.

Over the past 13 years, only two chairmen have completed their full terms, with one serving two consecutive terms. The rest either resigned prematurely or were replaced by interim leaders from within the organisation.

The latest departure came from Mohammad Jainul Bari, who stepped down on Wednesday, despite being appointed in June 2022 for a term scheduled to last until July 2025. Bari, the former Secretary of the Planning Division, follows a familiar trend; his predecessor, Dr. M Mosharraf Hossain, also resigned before his term ended. Bari's resignation comes amidst sweeping reshuffles in top financial institutions, initiated by the interim government as part of its efforts to tackle alleged irregularities and corruption following a shifting political landscape since August 5.

Historically, only three chairmen have completed their full terms. M Shefaq Ahmed, an actuary, served from January 27, 2011, to January 26, 2014, and again from April 9, 2014, to April 8, 2017. Shafiqur Rahman Patwari also completed his term from August 23, 2017, to August 22, 2020. Although allegations surfaced against these chairmen during their tenures, neither stepped down from office.

In the past 13 years, IDRA has been marked by a revolving door of temporary leadership. Fazlul Karim served as acting chairman for just two months, Kuddus Khan for one month, and M Mosharraf Hossain for a brief tenure as acting chairman. In 2017, Gokul Chandra Das was appointed acting chairman, but his stint lasted only four months. This recurring pattern of short-lived leadership highlights the persistent instability within the organisation.

Professor Omar Faruque from the Finance Department at Jagannath University remarked to The Business Post that overseeing 84 companies is a daunting task for a single regulatory body. "It requires a tremendous amount of work. Frequent changes in the chairmanship raise concerns about the sector's future development," he noted.

Faruque suggested that legislative amendments may be needed to strengthen the IDRA's governance and improve the quality of the companies it regulates. "When the government appoints someone to such a pivotal role, it places its trust in them, and maintaining that trust is crucial," said the professor, who holds a PhD in Insurance and Risk Management. He emphasized that any allegations against appointees must be thoroughly investigated to safeguard the integrity of the insurance sector.

A group of people belonging to an insurance company demonstrated in front of IDRA office demanding the removal of the former IDRA Chairman after he took some tough regulatory measures.

MARKET UPDATE

Insurance industry defies 2023 challenges with 9.16% growth

Express Report

Despite economic challenges, the country's insurance industry experienced notable growth last year. Gross premium income rose by 9.16%, marking the third consecutive year of gains for both life and non-life insurers, following a decline in 2020.

Life insurers collectively reported premiums of Tk12,280 crore in 2023, up from Tk11,401 crore the previous year, According to provisional data from the Insurance Development and Regulatory Authority (Idra).

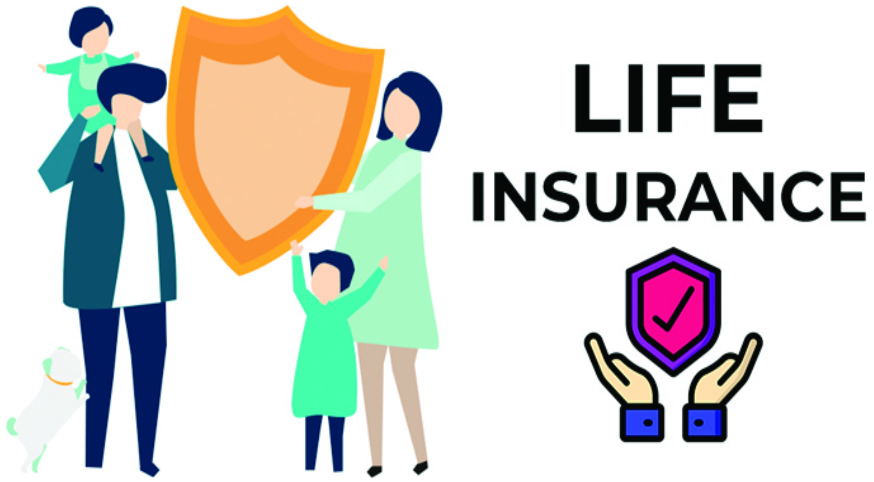
Outpacing the growth of life insurers, the general insurance sector-covering all insurable risks except death-achieved a total gross premium of Tk5,204 crore, reflecting a year-on-year increase of 12.8%.

In 2023, high inflation and mounting financial strain on typical households posed challenges for life insurers in terms of premium collection.

The number of policies that lapsed due to nonpayment of premiums surged by over 9%, reaching over 12.6 lakh last year. Consequently, the total count of active life policies decreased by 5.6%, falling to less than 74 lakh in total, as reported by the IDRA.

However, the Insurance industry witnessed a diminished growth rate in 2023 compared to 2022. During 2022, both life and non-life insurance collectively achieved a growth rate surpassing 16% compared to 2021. Specifically, life insurance recorded an increase of over 11%, while non-life insurance witnessed growth of approximately 30% in 2022.

Life insurance clients' total claims dropped by 12.36% to Tk12,117 crore while settlement by companies dropped 5.4% to Tk8,754 crore thus raising the rate of life insurance claim settlement to 72% from 67% a year ago.



Industry sources say the non-life insurance industry had 12.14 lakh policies in total, up by nearly 3% last year.

However, having 16.87% higher claims last year, the industry settled 38.2% more claims worth Tk1,481 crore. It helped raise the non-life claim settlement rate to 41% from 35% last year.

Gen Z & millennials drive 85% of insurance sales, reveal report

Express Report

Insurance advisors of Gen Z and millennial generations - cohorts born after 1997 and 1981 - are responsible for 85 per cent of total policy sales, according to a study that tracked industry's demographics.

Turtlemint, an insurance technology (insurtech) company, studied the demographics of its network of more than 350,000 certified insurance advisors. According to the company, 78 per cent of Gen Z advisors conduct most of their business online. As many as 74 per cent of millennial advisors prefer digital platforms for transactions.

In most states 80 per cent of certified insurance advisors are GenZ and millennials. "We are witnessing a remarkable surge in sales driven by Gen Z and millennials. This data highlights the importance of digital transformation in the insurance industry, and we remain committed to providing innovative solutions that cater to the evolving needs of both our partners and customers," Dhirendra Mahyavanshi, co-founder and chief executive officer of Turtlemint, in a press statement.

The rise of insurtech firms with digital platforms is facilitating the entry of new advisors and making insurance a lucrative career.

"Traditionally considered a complex and less engaging career, insurance is now viewed as a dynamic and essential financial tool. The current generation's digital proficiency is not just increasing sales but is also redefining customer engagement. This evolution underscores the beginning of a new era in insurance, one that is driven by technology and a customer-first approach," said the company.

Property insurance market premiums continued to rise in Q1 2024 - Marsh

Express Report

Property insurance premium rates in the first quarter of 2024 continued the rising trend recorded from the previous year but at a slower pace, a report by Marsh found.

In a report titled "Property Insurance Market Highlights," Marsh found that a number of reasons contributed to the notable increases recorded, one of them being natural catastrophes like the floods in Auckland last January and Cyclone Gabrielle.

On a global scale, reinsurance capacity was significantly affected by the rising cost of insured natural catastrophe events. The response of many insurers was to increase their reinsurance retentions, which the report said was effective in retaining more risk within the local insurance market.

In January, there was also a notable increase in the property insurance renewals' capacity as well as a more stable condition compared to the previous year. Marsh's Fast Track facility also gave clients exclusive access to additional capacity, which helped in driving the competition in the market right as new participants entered the New Zealand market.

The previous year saw an increased focus on flood risk, which contributed to the changes in rates, coverage restrictions, and increased deductibles for clients that had a significant risk exposure. Underwriters began to be more concerned about the assets that had significant claims as well as those that were vulnerable to repeat flood events. As such, insurers continued to develop their flood modelling capabilities, with flood now considered as a natural hazard.

Many clients have also adopted insurance buying strategies that were based on the restraints of their budgets. Larger organisations were also showing more interest in alternative risk transfer options like captive insurance and parametric solutions.

Inflationary pressures were still impacting premium rates, which also included the effect of ongoing claims cost escalation. Insurer capacity constraints were still challenging, especially in areas that were considered as high natural catastrophe zones. Meanwhile, competition and stability were slowly returning to the New Zealand property insurance market.

Even with the trends surrounding weather-related natural catastrophes, the reinsurance market is showing signs of stability with premium rate increases recorded at the start of 2024 expected to moderate as time goes on.

Nearly 60% of two-wheeler owners in India opt for comprehensive auto insurance

Express Report

Comprehensive two-wheeler insurance in India is more popular than compulsory motor third-party liability insurance only, with 57% of owners opting for the former, compared to 43% choosing the latter, according to an analysis of two-wheeler insurance by Policybazaar, an online insurance platform company.

The analysis also reveals that 49% of two-wheeler insurance is purchases made by customers from Tier-3 cities. Tier-2 cities account for 27% of two-wheeler insurance purchases, while Tier-1 cities make up 24%.

There has been a year-on-year growth of 8-10% in the adoption of comprehensive insurance. The data suggest that two-wheeler owners are becoming more aware of the benefits of comprehensive coverage.

Other consumer behaviour trends in the two-wheeler insurance market in 2024 include:

Add-ons

Among the add-ons, Zero Depreciation coverage is the most popular, chosen by 78% of consumers, reflecting a desire to minimise out-of-pocket expenses for wear-and-tear claims. Other add-ons like compulsory personal accident (CPA) coverage and roadside assistance are selected by 19% and 18% of consumers, respectively, emphasising the growing importance of convenience and personal safety.

There's also growing interest in add-ons specific to electric vehicles (EVs), such as battery cover, which is gradually picking up traction, the report reveals.

Vehicle types

Motorbikes dominate the market, accounting for 70% of insurance purchases, compared to 30% for scooters. The most common bike segment is the 150-220cc range, mainly used for daily commuting. While scooters hold a smaller share, they remain popular among women, students, and city commuters.

High-end bikes represent a niche but growing segment, with 7.4 % of two-wheeler insurance purchases attributed to them. Given the high replacement costs and expensive repairs associated with these vehicles, owners are increasingly opting for comprehensive coverage to protect their investments.

Source: Asia Insurance Review

Motor-dependent insurer expected to improve investment returns in China

Express Report

Non-life insurer Urtrust Insurance is expected to improve its investment returns in the near-term as it continues to divest of volatile equity-type investments and focus on steadier fixed-income type investments., says Fitch Ratings.

The insurer showed a combined ratio of 98% in 1H2024 and 99% in 2023, on a sustained reduction in the expense ratio, while the 2021-2023 three-year average was 103%.

However, the poor investment returns in these previous years dragged down the company's profitability amid a volatile equity market, which saw return on equity fall to -2.1% in 2023 (three-year average: 0.53%).

Motor insurance is Urtrust's key business line, generating 78% of total gross premiums in 1H2024. The company continues to diversify its business mix by expanding its non-motor insurance businesses.

Rating affirmed

Fitch has affirmed China-based Urtrust Insurance's Insurer Financial Strength (IFS) Rating at 'BBB'. The outlook is 'Stable'.

The affirmation reflects Urtrust's 'Strong' capitalisation, 'Good' financial performance from improved underwriting amid weaker investment returns and manageable investment risk.

Aside from financial results, other factors driving UrTrust's rating are:

'Strong' Capitalisation; No Financial Leverage: Fitch believes Urtrust will sustain a solid capital buffer to support its rapid premium growth and limited asset risk in the near to mid-term. The insurer's Fitch Prism Global Model score was in the 'Very Strong' category at end-1H2024. Its comprehensive solvency ratio rose to 459% (end-2023: 376%), well in excess of the 100% regulatory minimum. The improvement was due to easing market risk from reduced exposure to equity-type investments. The insurer has no financial debt in its capital structure.

Limited Risky Asset Exposure: Fitch expects investment risk to remain limited, as the insurer plans to further reduce equity-type investments to stabilise investment returns. Risky assets, which include equity funds, equity-type assets, and Fitch-adjusted non-investment-grade fixed-income investments, were equivalent to 53% of total equity at end-1H24, down from 71% at end-2023, and well below Fitch's criteria guidelines for an IFS 'BBB' rated non-life insurer.

'Moderate' Company Profile: Fitch ranks Urtrust's company profile as 'Moderate' as a result of a 'Moderate' business profile and 'Neutral' corporate governance. Urtrust has a moderate operating scale and obtains a large portion of business from its parent, Guangzhou Automobile Group, further strengthening its competitive positioning.

INDUSTRY UPDATE

Young professionals see insurance as outdated, urging perception shift: report

Express Report

The insurance industry is facing a recruitment challenge, driven by an ageing workforce nearing retirement and a dwindling talent pipeline, according to The Re Report by Free Partners LLP, a consulting firm specialising in research and strategic insights for the insurance sector.

The report explains how this issue stems from a lack of interest among young professionals, alongside their perception of the industry and its ability to meet their career aspirations.

Free Partners LLP surveyed over 1,000 young people in the UK and the US. The findings highlighted a disconnect between the abundant opportunities available in the insurance sector-such as meaningful work, career advancement, and work-life balance-and the industry's current image.

Many respondents viewed insurance as outdated, untrustworthy, and uninspiring, indicating that the challenge is more about perception than an actual talent shortage.

This situation presents a critical moment for industry leaders. As per Free Partners LLP, CEOs, CMOs, HR professionals, and insurance executives have the opportunity to reshape the industry's image to appeal to the next generation.

"As the insurance industry faces the dual challenges of an ageing workforce and a shrinking talent pool, it's clear that the problem is more than just a recruitment issue - it's a perception issue. The time for action is now. We need to shift perceptions and showcase how much fulfilment the industry has to offer," added Lorraine Jeckells, Managing Partner, Free Partners LLP.

Jeckells continued: "Our survey highlights that young professionals don't see insurance for what it truly is: a sector that offers impactful careers with growth potential and work-life harmony.

Now, more than ever, marketing, HR, and industry leaders need to unite and drive a collective effort to reshape the narrative. Together, we can change perceptions and secure the future of our industry."

The report highlights how the future of the sector hinges on leadership's ability to attract fresh talent by showcasing the real value and opportunities within the field. With those who embrace this challenge becoming better positioned to cultivate a new wave of skilled professionals, as emphasised in the report.

Are you paying too much for insurance?

Moira O'Neill, Financial Times, London

Kevin Carr has had a long career in the insurance industry, and even he admits to stumbling into spending too much on protecting his family. When his financial adviser reviewed his spending recently, he was told his level of protection insurance - products such as life insurance or income protection cover that are designed to secure your family financially - was a bit "toppy".

"Looking at what's going on our mortgage, Isa and other spending, he told us we were spending too much money on protection [compared with other families in similar positions]", says Carr, 49, and the chief executive of Protection Review, a website that reviews the protection insurance industry.

Last year, 247,000 people took out income protection insurance, a record high and a 16 per cent increase on 2022, according to new figures from the Association of British Insurers. At the same time, sales of standalone critical illness cover were almost four times higher than 10 years ago.

In August, the Financial Conduct Authority, which regulates insurers, announced it was launching a market study into how protection products are sold - which are offered mainly through intermediaries such as IFAs and mortgage brokers. It is concerned products, especially those aimed at "vulnerable" customers, may not be structured fairly, and do not provide value for money.

' Market failures in pure protection are leading to harm for existing customers

Tim Hogg, director at consumer group Fairer Finance

Worries about the level of competition in the market have increased since the recent exit of large insurers such as Aegon, Canada Life and AIG. The watchdog says it will look into "potential conflicts of interest" between insurers and intermediaries, stating it has seen examples of intermediaries encouraging customers to switch unnecessarily to earn repeat commission.

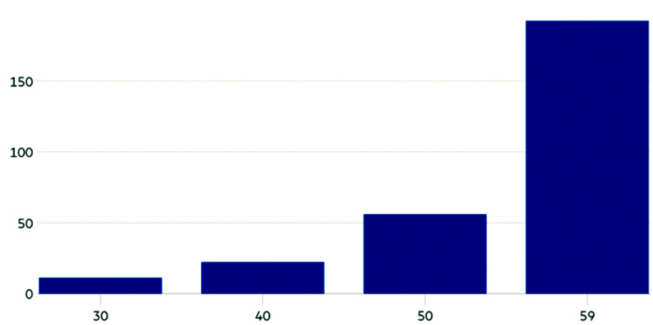
It is an investigation that is "long overdue", says Tim Hogg, director at consumer group Fairer Finance. "Market failures in pure protection are leading to harm for existing customers? The nature of competition in this market has led to intermediaries sometimes receiving what appear to be high commissions, resulting in lower value products for consumers."

While a few 'insurtechs' are entering the market to shake it up a little, "there's not a lot of incentive for insurers to be different," says Carr. "First-mover disadvantage is an issue - either it doesn't work or rivals copy it. So there's a lack of innovation and strategy development."

When the FT asked readers if they had ever taken out insurance policies they regret, one told us that, after recently moving jobs at 62, he will not have death in service benefit or a decent level of sick pay for the first time in 20 years, so has had to buy his own. "Most online searches make you put a phone number in even if you prefer to correspond via email," he says. "It feels like a hard sell from salespeople [and] makes me wary of the cover and companies concerned."

Life insurance costs increase significantly as you age

Average monthly premium* at different ages (£)



* Based on £400,000 level term cover over 20 years for a non-smoker with no prior medical conditions
Source: MyTribe Insurance

But while many are worried they may be overpaying or have too much cover, the reverse is also often true. Financial advisers warn of widespread underinsurance - especially among those with chronic conditions. With too many people buying the wrong type of protection cover, clients can be left with overlapping policies or have large gaps that can lead to problems in later life.

"I see clients that have multiple life cover policies running together, where they are over-insured at the moment, but all seem to end at a different time," says Naomi Greatorex, managing director at Heath Protection Solutions. "This can mean they are over-insured in their younger years, and underinsured in the later, and could be said, more risky years."

Alan Knowles, managing director at Cura Financial Services, says: "The order in which people usually buy protection insurance is: one, life insurance; two, critical illness; three, income protection. Yet the likelihood of a claim?.?.?. is the complete reverse."

The reason advisers put income protection at the top of the hierarchy of needs is not only to protect your family. "Your income is what allows you to continue to keep to your retirement plan, and to grow your savings and pensions," says Greatorex.

But how much protection do you really need? And is it ever reasonable to say "I don't need any at all"?

While many are worried they may be overpaying or have too much cover, the reverse is also often true

Sometimes, over-protection is obvious, says Knowles. "An example would be someone earning £20,000, living in rented accommodation, taking out £2mn life cover for their partner. This would be 100 years of their annual income so is definitely over the top."

A less obvious, but more common, risk is doubling up on income protection with an employer, by running an individual policy too. This is because you are only allowed to cover your income once, usually up to the maximum of 60 per cent of your gross income. If someone's work policy covered 30 per cent of their income, for example, their personal policy could only cover up to another 30 per cent.

"If you have more than one income protection insurance policy, or the one you have is based on a higher wage you've had in the past but no longer have, you could be over-insured," says Chris Steele, founder and editor of educational website MyTribeInsurance.co.uk. The self-employed need to be especially careful, as income can drop over a number of years, especially if you start to work on a part-time basis.

31%Proportion of financial advisers who say their clients had taken out the wrong type of protection before seeking advice, according to MetLife UK

People can also be caught out by inflation, says Greatorex. If you take out the maximum 60 per cent protection and your cover rises in line with RPI while your income does not keep pace, at claim stage you could find yourself over-insured.

Advisers say it is worth checking cover is good value periodically as premiums have reduced over the years - but watch out for changing underwriting practices too.

"With life insurance and critical illness cover, insurers have recently changed what they ask and how they treat people that used to smoke," says Steele. Until recently, people would be asked if they had smoked, vaped or used nicotine replacements in the past 12 months, he says. Now, they may be asked if they used to smoke or vape in the past too, and their premium loaded to account for that.

The FCA study will primarily focus on four types of protection products: term assurance (which is life insurance that lasts for only a specific amount of time); critical illness cover; income protection; and whole of life insurance, including policies for the over-50s that offer guaranteed acceptance.

Johnny Timpson is a member of the Financial Services Consumer Panel and a Financial Inclusion Commissioner and sees problems with over-50 plans, also marketed as funeral plans. "You pay much more for the 'reward' of not having a medical. But if the policy was underwritten you may get significantly more cover at the same cost or the same level of cover at lower cost."

FT reader David Ellison, 55, from Milton Keynes, was diagnosed with Type 2 diabetes seven years ago. After considering taking out life insurance, he decided to buy a policy to pay out £40,000 as a financial cushion to help support his wife should he die within the next 15 years.

"Seven years ago, I was diagnosed with Type 2 diabetes. It was a bit of a shock," says FT reader David Ellison, 55, from Milton Keynes. After considering taking out life insurance, he decided to buy a policy to pay out £40,000 as a financial cushion to help support his wife should he die within the next 15 years.

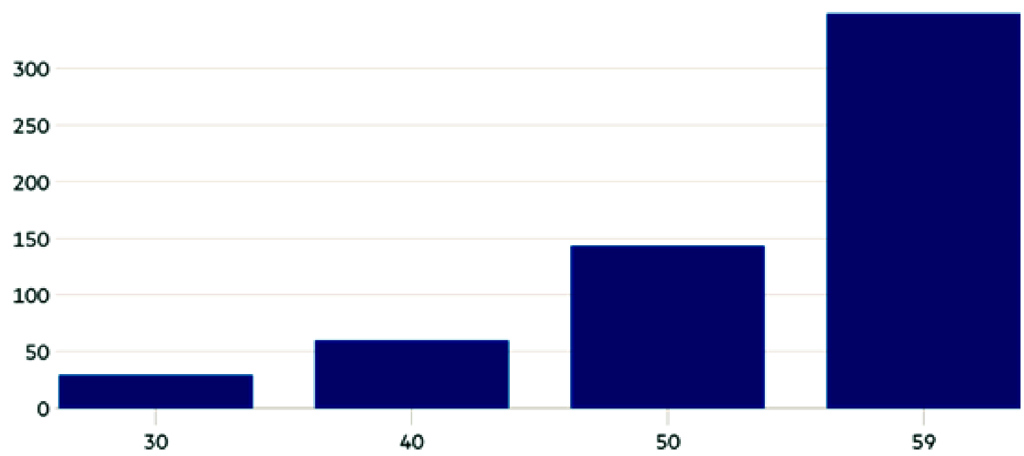
Last year, he approached six major insurers and was quoted premiums of £80-£100 a month because of his condition. But then he managed to find a policy with the same level of cover for £43 a month with Blueberry Life, a new 'insurtech' company, which specialises in insuring people with diabetes and was able to tailor the cover to his specific blood-sugar levels.

"I think insurance is a necessary evil," he says. "It might be 15 years of £43 a month that I never see again. But it's peace of mind."

Advisers say clients can often fail to change protection as they go through life events that can affect the amount of income needed, such as health diagnosis, divorce or their children becoming adults - be warned, though, Timpson adds: "You're now likely to have dependent children for longer than you think. My eldest child is 38 but in a vocational career that means she may from time to time still need help with rent."

Critical illness insurance costs by age

Average monthly premium* (£)



* Based on £125,000 combined life and critical illness cover, level term over 20 years for a non-smoker with no medical history.
Source: MyTribe Insurance

Another development is when people pay off their mortgage, which may lead some to ask: am I too wealthy for protection insurance?

"Once people have paid off their mortgages and have sufficient assets invested to enable them to fund their financial future without relying upon income or having to save more, they often feel it's a waste of money to pay insurance premiums for life cover or illness cover," says Olivia Bowen, partner at Castlefield.

In these circumstances, advisers like Bowen can undertake cash flow forecasting to help clients be content that their assets will be sufficient.

Knowles, however, is wary of saying that you can be too rich for insurance: "The more you earn, the more you normally spend and therefore the bigger the impact if something serious happens?.?.?.?at least for most other than the super-rich."

Additionally, later in life, there can still be a need for life insurance, especially for those with sizeable estates. A policy that pays children once both parents pass away can help with inheritance tax (IHT) bills. It is also possible to insure gifts made to children during your lifetime, where there can be a tax liability, normally for seven years from the gift being made. A policy could give the children the funds to pay the gift tax if death occurs within this timeframe.

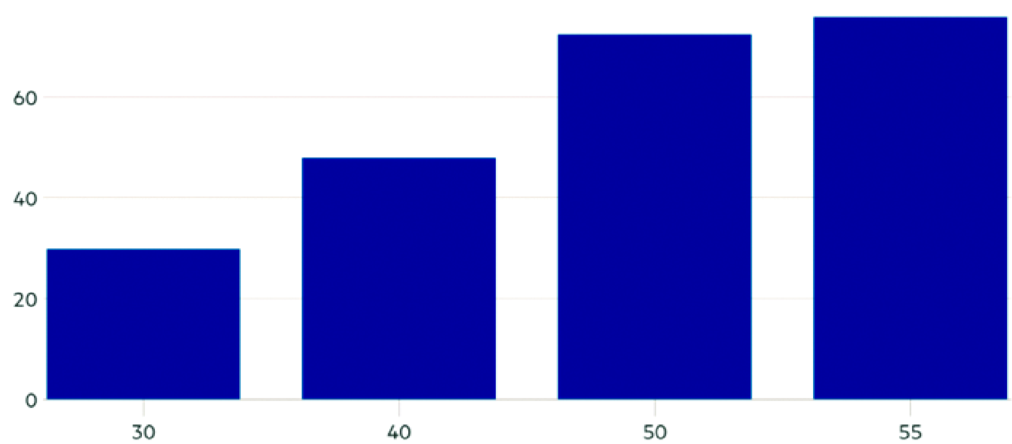
The solution can be a whole-of-life policy to the value of the potential IHT liability, written in trust for the children (or other beneficiaries). Justin Blower at Schroders says: "It can be expensive - thousands of pounds a year depending on the health and level of cover - but what you pay in can be less than the benefit."

In the end, when we asked FT readers to share their experiences of protection insurance, several told us they thought of it like a kind of bet. "Insurance companies are betting you survive. We are betting we are going to die or suffer life-changing circumstances," said one.

But, it is a bet, others suggested, that is hard to feel too bad about losing. "We had a 25-year joint life insurance policy which ended last year, and here we are both still ticking along," one told us. "I suppose we should probably be grateful for the fact."

Income protection costs as you age

Average monthly premium* (£)



*Based on an employed Finance Manager, who is a non-smoker with no medical history, earning £60,000 pre-tax, requiring £2,750 monthly cover with a 90-day waiting period and benefit period to age 65.
Source: MyTribe Insurance