

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 1.27%	▲ 1.00%	\$1,640.00 (per ounce)	\$102.47 (per barrel)	Flat	▲ 0.30%	▲ 1.00%	▼ 0.42%	BUY TK	83.40	105.42	127.88
5,222.25	9,544.51			16,175.86	8,447.88	2,747.13	2,276.05	SELL TK	84.40	109.64	131.96

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star BUSINESS

DHAKA THURSDAY JANUARY 12, 2012, e-mail:business@thedailystar.net

Regulator goes tough on life insurers, tightens rules

SAJJADUR RAHMAN

The insurance regulator has taken a raft of measures as part of its plan to discipline life insurers.

The Insurance Development and Regulatory Authority (IDRA) has cut 15 layers of business to three, which means there will be only two officials or stages after the employer of an agent. The decision will be effective from February 1.

Many stages in life insurance business led to a surge in costs of commission and malpractice.

"It will change the industry for the better," Shefaque Ahmed, chairman of IDRA, told The Daily Star.

"Initially, some companies may face troubles in implementing the decision (layer), but it will benefit them in the long-term," Ahmed said.

According to the regulator, insurers will not be allowed to adjust expenses, claims or commissions with premiums, effective by April.

"It is a major decision, and most of the problems the industry faces will be solved," said the IDRA chairman.

According to industry players, some companies spend up to 80 percent of their premiums on commission, which is unethical and creates unhealthy competition among insurers.

The regulator said salary, allowance and other payments must be

made by cheque, not cash. The decision will be effective by June.

The regulator has made it mandatory for each life insurer to set up an actuarial division to ensure proper valuation of policies, assets and dividends.

"Many companies prefer to outsource the service even from abroad and spend a lot of money for this purpose," said the chairman, who is also an actuary.

Currently, only Delta Life and Pragati Life have actuarial divisions.

Asked whether there are enough actuaries in Bangladesh, Ahmed said there are 10 to 15 students to do the job. "We have to start from somewhere."

Life insurers, however, said it would be tough for them to implement these decisions in a short span of time.

"Implementing a three-layer life business is a tough task. Every company has to do it simultaneously, otherwise some will lose business (by doing it)," said Ekramul Ameen, managing director of Fareast Life.

On the commission of agents, Ameen said: "It is a good decision, but will take more time to follow."

There are 17 private life insurance companies in Bangladesh. The total premium income from private life insurers was over Tk 5,000 crore in 2010.

SEC asks for daily report cards on mutual funds

SARWAR A CHOWDHURY

The Securities and Exchange Commission (SEC) has asked the asset management companies (AMCs) to submit their trading statements and portfolio information on a daily basis to the regulator.

The SEC also directed them to submit a comprehensive report to the commission in line with a designed reporting chart by the regulator on a weekly, monthly, quarterly and half-yearly basis, to ensure transparency and accountability in the growing mutual fund industry.

The regulator has already issued a circular to this effect. "As the mutual fund industry is growing, the sector should be supervised more stringently," said a commissioner of the market watchdog.

"Trading and financial reporting will make the AMCs more transparent and accountable not only to the regulator, but also to the unit holders," he said, adding that such practices are present in India.

"It will also help the commission get a more accurate picture about the role of the AMCs in the market," he added.

As per the new instruction, the AMCs will give daily buy-sell information, trading statements, their investment position on a weekly basis,

comprehensive financial report for the month, and profitability report on a quarterly basis.

On a half-yearly basis, the AMCs will either give information about the funds' investment position for each unit holder or post it on their own websites.

Previously, the AMCs used to submit a half-yearly and yearly report to the commission.

But there were allegations that the AMCs often made investment, violating the mutual fund rules.

For example, although the AMCs are compelled to use 75 percent of a fund on the stock exchanges to buy listed securities and are allowed to use the rest 25 percent fund in the money market, many AMCs were not following the rule properly.

Crossing the limit of 25 percent, it was alleged that the AMCs used over 25 percent of the fund in the money market to get extra benefits.

There were also allegations that although the mutual funds are supposed to invest in stocks on a long-term basis, in many cases, they behaved like daily stock traders.

Presently, 37 mutual funds are listed on the stockmarkets with around Tk 3,000 crore in capital.

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Freezes on Robi's writ petition

STAR BUSINESS REPORT

The Appellate Division yesterday issued status quo against a writ petition of mobile operator Robi Axiata that challenged the provision for VAT on telecom licensing fees, revenue sharing and spectrum assignment fees.

The order came after an appeal of the telecom regulator.

Earlier, the High Court ordered Bangladesh Telecommunication Regulatory Commission (BTRC) to consider licence renewal for Robi in five days.

The HC issued a rule on Sunday after Robi filed the writ petition on January 3, challenging the provision for VAT in licence renewal.

In its rule on the same writ petition, the HC on Sunday also asked the National Board of Revenue to explain why the provision for VAT on telecom licensing fees, revenue sharing and spectrum assignment fees would not be declared illegal.

The Appellate Division yesterday issued the order for all parties to the case, including Robi, BTRC and NBR to maintain status quo, said Barrister Khandaker Reza-E-Raquib, a lawyer for BTRC.

Garment tech, accessory fairs start today

STAR BUSINESS REPORT

Three international fairs showcasing garment accessories, packaging, raw materials and machineries begin in Dhaka today, organisers said.

Companies from China, India, South Korea, Thailand, Singapore, Malaysia, Taiwan, Hong Kong, the USA and European Union will take part in Pacexpo-2012, one of the fairs, at Bangabandhu International Conference Centre.

The other two fairs -- Garmentech Bangladesh 2012 and Yarn and Fabrics Sourcing Fair 2012 -- will begin at the same venue.

Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association has organised the expositions in association with ASK Trade & Exhibition Ltd and Zakaria Trade & Fair International.

Finance Minister AMA Muhith is expected to inaugurate the fairs, which will run until January 15.

Visitors will have chance to meet global leaders in technology for knitting, sewing, embroidery, finishing and laundry, printing and related machinery. All sorts of cartons and accessories will also be on display.

The fairs are open to visitors from 11:00am to 7:30pm every day without an entry fee.

We deeply mourn

MTB Group Chairman
Mr. Samson H. Chowdhury
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Special Guest : Hon'ble Minister Dilip Barua
Ministry of Industries, Govt of the People's Republic of Bangladesh.

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