# Insurers in need of skilled manpower

## Private companies do not have a single actuary

SAJJADUR RAHMAN

PRIVATE insurers in Bangladesh do not have a single actuary to analyse the financial costs of risks and uncertainty for the business that is getting complicated day by day.

Not only actuaries, the industry of 62 insurance companies, including two state-owned corporations and one company incorporated outside Bangladesh, severely suffers from a shortage of qualified people to help businesses and clients develop policies to minimise risks.

Successive governments paid no heed to this area and instead they were only serious about giving licences to companies to make the industry oversaturated, insurers said.

"No government tried to develop professionals for the insurance industry. Even there is no academic course on insurance in any university or college in Bangladesh," said Sheikh Kabir Hossain, chairman of Bangladesh Insurance Association (BIA), a platform of private insurers.


In mid 1980s, the industry has emerged from the state-owned structure to a more liberalised and competitive market, where a number of insurance companies have been established in the private sector.

Insurance business, growing at more than 15 percent a year for the last one decade, is getting complicated gradually with the diversification of trade and economy. The insurers said the industry needs qualified personnel to design policies and market those as well.

The BIA, which was established in 1973 to provide education and training to the professionals, has been weakening gradually. It is understaffed and under-resourced.

According to Insurance Development and Regulatory Authority (IDRA), the regulator, the BIA has 33 staff members now. Of them, 28 are office assistants and peons. The academy is running with a lone faculty member. The line ministry (finance) appoints a director for the academy without considering whether he/she has knowledge on the industry or not.

Nasir A Chowdhury, managing director of Green Delta Insurance, said the insurers submitted a proposal to the ministry almost a decade ago to turn the BIA into an institute like the Bangladesh Institute of Bank Management, but there was no headway.

"We don't see any development," said Chowdhury, who has been with the insurance industry for more than 50 years.

The regulator also admitted the acute crisis of qualified people.

"Even a company doesn't get quality people for the post of a managing director. Many people who are heading different companies lack proper qualifications," said Shefaque Ahmed, chairman of the IDRA.

He said the insurance sector was kept outside the purview of the reform programme.

Ahmed is one of the two actuaries in Bangladesh. The other is with the state-owned life insurance corporation.

"India has several hundred actuaries. Also Pakistan has a good number of actuaries," he said.

The IDRA chairman has devised a strategy to develop professionals for the insurance business. He submitted a proposal to the finance minister mapping out his plan to strengthen the academy.

"The current organisational structure of the BIA is bottom-heavy and it is unable to meet the growing needs of the training courses," he said.

He put forward a set of recommendations for the overall development of the academy. The recommendations include handing over the academy from the finance ministry to the IDRA. The private sector insurers also endorsed the suggestion.

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# 28 top brands win accolades

## Bangladesh Brand Forum organises Best Brand Award

STAR BUSINESS REPORT

PARACHUTE Coconut Oil of Marico Bangladesh was judged the best overall brand, beating three times winner Nokia, at the Best Brand Award 2011 yesterday. Nokia was the second best in the overall top 10 brands.

The awards were given in 28 categories.

Bangladesh Brand Forum, a private organisation that promotes branding, communication and marketing principles, hosted the event to recognise these brands for the fourth year at an event at Sonargaon Hotel in Dhaka.

Rohit Jaiswal, managing director of Marico Bangladesh, said: "We at Marico Bangladesh are extremely proud of this achievement of our brand Parachute and would like to thank all the consumers of the brand as well as our stakeholders and well-wishers."

"The purpose of the award is to demonstrate to the business community that brands are intrinsic part of the organisation and in many cases the single most valuable asset," said Shariful Islam, founder of Bangladesh Brand Forum.

He also announced the launch of their new website www.marketinghubbd.com during the event.

Amitava Chattopadhyay of INSEAD, Singapore, launched his book "The New Emerging Market Multinationals: Four Strategies for Disrupting Markets & Building Brands" at the function.

Sunsilk of Unilever Bangladesh, Grameenphone, 7up, Lux, Fair & Lovely, Close up Toothpaste, won the third to eighth positions in the overall category. Rupchanda Soybean and RFL Plastic were jointly ninth, followed by Sony.

Bangladesh Brand Forum also awarded 10 best local brands for the first time.

RFL Plastic Ltd won the best local brand, followed by Akij Group's Frutika as the second best in the same category.

Teer Atta Maida Suzi of City Group took the third spot among local brands, followed by Pran Juice, Walton, Mum Water, Mangolee Juice, Sonali Bank, Dhaka University and Cocola Noodles in the order.

STAR

**Winners of Best Brand Award 2011, given by Bangladesh Brand Forum in collaboration with Nielsen Bangladesh, pose for photographs at Sonargaon Hotel in Dhaka yesterday. The awards were given to the best brands in 28 different categories. Top 10 local brands were also awarded for the first time this year.**

Nielsen Bangladesh did an extensive research on 5,000 samples across the nation to identify the winning brands. The survey was designed to find the consumer insights, success stories and the market position of the brands. This research was conducted in May 2012.

# Southeast is Asia's safe haven as China, India falter

REUTERS, *Hong Kong*

LITTLE more than a dozen years after the region's crippling financial crisis, Southeast Asia is looking more a safe haven than a risky bet, with foreign investors souring on China and India and pouring money into markets proving resilient to the global gloom.

Short-term investors in Southeast Asian stocks and bonds are being overtaken by those with a longer-term horizon, signalling growing confidence in a region of 600 million people that boasts a rapidly growing middle-class.

Foreign investment in regional funds is at a record high.

Assets managed by offshore mutual and exchange traded funds dedicated to Southeast Asia rose to more than $26 billion in March, according to an analysis of Lipper data. Four-fifths of the assets are in actively-managed funds, with the rest in shorter-term ETFs.

Those levels have dropped following a 5.6 percent fall in the MSCI Southeast Asian share index in April-June, hit by the global market slowdown. Stock valuations remain high, one reason for investors to be cautious. Still, the March figure was more than triple the low hit after the financial crisis in 2008.

By comparison, funds dedicated to China and India are roughly 30 percent below pre-crisis levels and falling, the data show. China fell to $87 billion at end-March.

"It's a structural change in terms of the way investors perceive the market," said Rajesh Ranganathan, a portfolio manager at Hong Kong-based hedge fund Doric Capital, which has invested in Southeast Asia for over a decade. "Today, India and China are the places where people are looking for beta (risk) and Indonesia and Thailand are the places where people are hiding."

AFP

**A customer looks at dresses in a store at an open market in Hong Kong yesterday. Bad news from South Korea, Singapore and China this week failed to rattle investors' confidence in the region, despite fears that Europe's economic contagion is spreading rapidly to the East.**

The shift comes as a rising middle-class of consumers crowds malls from Manila to Phnom Penh, helping a region with a combined economy of $2 trillion wean itself off a dependency on US and European demand for exports. Improved competitiveness versus China, strong state spending on infrastructure and better fiscal management have added to the region's pull.

Underpinning the investment thesis is steady economic growth. Indonesia is set to grow 6.5 percent this year. The Philippine economy raced ahead at a 6.4 percent annual pace in the first quarter, its fastest in a year-and-a-half, fuelled by strong consumption and state spending as President Benigno Aquino moves to upgrade decrepit infrastructure.

Even the region's "frontier" economies like war-scarred Cambodia are moving on to investors' radar as their own middle- class, albeit small, expands rapidly. Two of the world's largest insurance companies announced plans to open in Cambodia this month.

In contrast, Europe is mired in a debt crisis, the United States is hobbling, and China is showing signs of a slowdown. Longtime emerging-market darlings Brazil and India are in a relative slump, with growth seen slowing to around 2 percent and 6 percent respectively this year.

"Southeast Asia is coming into its own after being eclipsed by China for almost 10 years," said Frederic Neumann, co-head of Asian economic research at HSBC.

Fidelity's Asean fund breached the $2 billion level in June, multiplying its assets by more than six times from its post-crisis low and becoming the biggest offshore fund focusing on the region, according to Lipper data.

# Why is the response to economic crisis not more serious?

ANATOLE KALETSKY

THE state of the world economy these days reminds me of the famous telegram from an Austrian general, responding to his German counterpart toward the end of World War One. The German described the situation in his sector of the Eastern front as "serious but not catastrophic". In the Austrian sector, the reply came, "the situation is catastrophic but not serious". In much of the world today the economic situation is verging on catastrophic, but "not serious" seems a perfect description of the political response.

Four years after the Lehman crisis, economic activity and employment in the OECD has not yet returned to its pre-crisis level. Unemployment is at postwar highs in every major European country apart from Germany and, while the US jobless rate is now a little below its postwar record, it has been stuck above 8 percent for longer than at any time since the Great Depression. And in Britain, the long-term loss of output assumed by the government's latest budget forecasts implies, according to Goldman Sachs calculations, that the six months of the post-Lehman crisis did greater permanent damage to the country's productive capacity than the Great Depression or World War Two.

Now consider the response. In the US, the four years since Lehman have been dominated by economic debates among politicians, media commentators and business leaders on issues that are almost totally irrelevant to unemployment and the pace of economic recovery: how to reduce long-term budget deficits and whether to tweak the top rate of income tax from 36 percent to 39.6 percent. In Britain, the biggest economic controversy this year has been the extension of value added tax to hot pies. Europe's response to the deepest economic depression in living memory -- and an even more alarming xenophobic nationalism that threatens the literal disintegration of the euro and the European Union --has been to debate the bureaucratic "modalities" of bank regulations, fiscal treaties and pension reforms in the next decade.

How to explain this insouciance in the face of the gravest threat to the Western world since the height of the Cold War? In the US and Britain the answer is straightforward, if unappealing: party politics. In Britain, the Conservative-Liberal coalition has managed to lay all the blame for the country's economic troubles on Labour's Gordon Brown, so far at least. Thus there has been very little public pressure on the Cameron government to change its economic policies, and no political advantage in doing so.

In the US, the Obama administration's efforts to revive the economy with public spending have been stifled by congressional Republicans, while Democrats have thwarted conservative ideas about using tax cuts to stimulate enterprise, investment and consumption. Business leaders and media opinion-formers have aggravated this political impasse by whipping up fears about budget deficits, despite the record-low yields set by the markets on US Treasury bonds.

The good news is that US politics created a self-stabilising feedback of sorts. If the US economy continues to deteriorate, the Republicans will probably win both the presidential and congressional elections and would then be free to pursue an aggressive tax-cutting policy modelled on Reaganomics. Big tax cuts would doubtless increase budget deficits, but they might well pull the US out of recession as they did in 1983. If, on the other hand, the US resumes tolerable levels of economic growth and employment creation, then a re-elected Obama administration would have a strong mandate to overcome or co-opt what would then be a chastened Republican opposition.

Now for the bad news, which comes, of course, from Europe. The euro zone, in contrast to the US and Britain, is paralysed not by cynical political calculations but by profound misunderstandings of economics and finance. European leaders do not seem to understand that the fiscal and banking unions they are relying on to save the euro can only work under a very specific political condition: Restrictions on national sovereignty over budgets and bank regulation (as demanded by Germany and resisted by France, Italy and Spain) have to be agreed on at the same time as mutual support for debts (as demanded by France, Italy and Spain, and resisted by Germany). Moreover, the banking and fiscal unions can only work if they are backed by a central bank commitment to buy government bonds and thereby maintain near-zero interest rates for a long period, as in the US and Britain.

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