



Professional Advancement Bangladesh Limited (PABL), Chartered Insurance Institute (UK), Green Delta Insurance Company Ltd (GDIC) and The Daily Star jointly organized a roundtable titled "How to overcome the biggest workforce challenge in insurance industry through empowerment of professional development" on March 28, 2018. Here we publish a summary of the discussions.

RECOMMENDATIONS

- IDRA needs to enhance its regulatory capacity and work closely with the industry to ensure better governance, including elimination of malpractices such as the commission system.
- Ensure insurance for all through availability and affordability.
- Media should play more active role to create positive awareness among masses for insurance sector
- Insurance companies should be more forthcoming in training and developing their talents through on-the-job as well as institutional training.
- Companies need to take measures to attract young talents through apprenticeships and other programs, with better compensation and work environment.
- In order to create trust and promote coordination among stakeholders related to the insurance sector, a multi-stakeholder committee should be formed.
- Academic and training institutions should closely work with the industry in order to ensure development of relevant knowledge and skills as well as interest among the students as necessary for the sector.

# How to overcome the biggest workforce challenge in insurance industry through empowerment of professional development

**Shahedul Anam Khan, Associate Editor, The Daily Star**

There are 78 Insurance companies in Bangladesh and we have to overcome certain basic and inherent problems that militate against the development of insurance companies, with economic conditions being one of them. Our insurance business is heavily centralized and I am unsure of how many insurance businesses operate in the rural areas. This is an area we can focus on. I am glad Green Delta and PABL have chosen The Daily Star as the platform to have a discussion over concerns regarding the problems associated with the insurance sector. The Daily Star believes that there should be a continuous, dynamic process, where we need more writings on insurance regarding the problems and solutions to create awareness. We need to raise awareness amongst the public as well as amongst the government in this regard.

**Moderator of this roundtable: Farzana Chowdhury, Managing Director and Chief Executive Officer, Green Delta Insurance Company, Executive Committee Member, Bangladesh Insurance Association (BIA) & Director, PABL- a subsidiary of Green Delta Insurance Company**

I am delighted to welcome all the distinguished participants because your valued presence indicates how committed you are for skill or professional development in insurance sector. Insurance sector suffers a talent crunch that cannot meet the immense demand of skilled professionals in this sector because this sector is getting more exposures to technological advancement, product innovation and consumer's confidence. To cope up with these challenges, we have to ensure insurance for all, through availability and affordability and to do that we need to reach all, through mass distribution channels; whether it is via digital platform or traditional platform. Henceforth we need to promote the professional development of potential and existing workers, to empower professionals and attract the younger generation to this industry. Green Delta is working relentlessly to contribute more in this industry by product innovation, building customer's trust or confidence, creating positive awareness. In line with this I would like to highlight why Green Delta Insurance Company (GDIC) has initiated a subsidiary known as PABL. Initially, we wanted to train and empower our employees only but we discovered that there is a lack of trained professionals in the insurance industry. So, we came forward with the concept of operating a training institute. We are proud to announce that we are affiliated with Chartered Insurance Institute (CII), UK. We also feel proud to contribute 30 CERT CII (UK) in this sector through PABL and among them 15 CERT CII's are from Green Delta because we believe continual professional development for our employees. However, in regard to the demand of skill professionals in this sector, these numbers are not enough. Therefore, insurance companies need to come forward to motivate and invest more to develop their human resources continually. To make these things happen, we need to focus on the involvement of the younger generation in this sector. We lack sufficient management trainees because we do not have any lucrative salary packages to induce young talents towards the industry. So, eventually these skill gaps challenge our insurance sector whether we are ready to face and overcome the upcoming challenges in regards to financial diversity.

**Keith Richards -Managing Director of Engagement and CEO of Personal Finance Society, CII**

CII operates in 150 countries and we have extensive insights into what is happening globally. Helping people to achieve their aspirations and not just insuring against risks is what makes the insurance industry more interesting. Lack of trust is one of the main reasons behind the insurance industry still being unpopular among the people. Globally, there is a need for regulatory intervention to upscale and improve

professional standing in the community. Sometimes, under-qualified employees with skill deficiencies hamper the trust of customers. Some countries have taken this trust issue seriously now, by emphasizing on how they themselves can mold their perception and not just tap into consumers' perception. Bangladesh insurance industry has immense growth opportunities. Equally, there is suspicion. We need to portray more positively by attracting and convincing the public as well as the young professionals. Another key factor, a good and stable regulatory framework, is an essential ingredient for inspiring public trust in insurance. In the developing markets, regulators, industry and the government have a collective role to play by engaging with each other. Regulators should not frighten consumers away by constantly reporting poor behaviors, but to encourage public trust.

**Ahasanul Islam, CEO & MD, Sandhani Life Insurance**

Earlier there was a gap in coordination among the insurance industry, regulators and the government. Now we are focusing on working in harmony and creating trust among general people that insurance company pay claims. The government has enacted a laudable insurance act in 2010 and formed Insurance Development and Regulatory Authority. These initiatives will help build trust in this industry. We also need to make people aware that all claims are not payable. Only appropriate claims can be compensated. We urge the regulators to use the phrase "appropriate claim" when they ask us to settle a claim issue. Currently we do not have enough skilled professionals to fill the posts of chief executives of the insurance companies. Chartered Insurance Institute (CII) can help us in creating qualified professionals for the advanced level through PABL. We also need to think about developing beginners and mid-level professionals. We have to make Bangladesh Insurance Academy functional. It needs to be made mandatory that all the insurance companies send their employees for professional training. Lastly, thanks to Green Delta insurance because it is doing a tremendous job by bringing world class education in Bangladesh through PABL.

**P. K. Roy, CEO, Rupali Insurance Company Ltd. & former Executive Committee Member of BIA**

Thanks to Green Delta for arranging this roundtable on this most significant topic. Green Delta Insurance has a sister concern called PABL, a strategic partner of CII. They provide training to industry employees. But there is still huge gap in professional development for example in aviation insurance area which is very technical and the shortage of quality and efficient personnel is really high. In regard to aviation insurance experienced company should cover this kind of insurance not like any new company who are new in business. Because in this kind of insurance one needs to think about technical and financial capacity for underwriting and reinsurance, if these capacities are not considered then company would not be able to settle the claim and get bad reputation. One cannot settle false claims. The question is how to impart training? There is only one academy: Bangladesh Insurance Academy, which is not sufficient. PABL has come forward, an innovation of Green Delta. Green Delta is always taking the innovative part in insurance sector. Strong companies should come forward so that we can overcome the problem in underwriting, reinsurance, claim settlement, insurance account, and so on so that we do not earn a bad name.

**Ahmedur Rahim, Director, Bangladesh Insurance Academy**

BIA was established only for public sector insurance companies. Then 74 more companies have been established. The alleged poor provision of personnel training is not fully correct. Demand creates its own supply. We offer annual diploma courses, two

examinations each year. But nowadays companies have begun to realize the importance of professionals. We are prepared to supply training according to the demand. The salary structure is poor, including entry-level salary, which fails to attract young talent. New graduates consider it as third/fourth choice. Demand should be created through restructuring of business. Besides profits, client satisfaction and image of the industry should be considered. Common people have negative response to taking policies. In some areas, the compulsory requirement helps some sectors of insurance. For life insurance, persuasion is the only means of finding clients. Hence, the industry should be branded as clean and safe to the clients.

**Q.A.F.M. Serajul Islam, Consultant and Former Advisor, Pioneer Insurance Company Ltd.**

In 1972, the insurance industry was nationalized. In 1973, two corporations were set up. For 22 years from 1972 to 1994, Sadharan Bima had hardly any new recruitment. Due to lack of regular recruitment, we lack top level management professionals. There are external and internal source of manpower. The external source adopted earlier is almost exhausted, as Sadharan Bima now lacks experienced professionals. To improve the internal source, every company should have a sound succession plan. If such a plan is implemented and the needs for 10 years down the line are planned, the succession issue will be addressed. Another problem is insurance sector profession is low-profile compared to bank employment. The profile should be raised to make it comparable to jobs in other sectors.

**Shibli Rubaiyat, Professor and Dean, Faculty of Business Studies, University of Dhaka**

Positive changes are happening in Bangladesh in terms of economic growth and our experience shows that it will become the 19th economy in next 11-12 years. In agriculture, we have switched from importing to exporting crops. Shashya Bima, a relatively new product of Sadharan Bima, has had 23% growth. In industrial sector, there is also massive growth. For industrial output there is fire insurance, earthquake coverage, RCC coverage, riot and civil commotion coverage. Export has grown from 1b in 2006 to 34 b in 2017. Hence, insurance business must automatically grow with proper management.

For manpower development, DU took initiative to have an insurance department 6 years back. Recently there is more interest in enrollment in this program. We are getting 20-25 students every year and trying to get up to 60 students enrolled in this program. Rajshahi and Chittagong University have also initiated this in their BBA and MBA program. We also started insurance and risk management masters program for professionals or executives. DU is taking the lead to improve human capital in this sector. Salary of professionals is low. When there will be better revenue generation without commission business, there will be more remuneration added to executives. Salary structure would change to attract talent. It is a matter of a little time when insurance sector will be contributing 3-4% of the GDP.

**Jamal Mohammed Abu Naser, MD & CEO, National Life Insurance Company Ltd.**

As a user of life and non-life insurance for 30 years and as a system analyst, I think companies don't have manpower in multi-level discipline. In life insurance, there are areas like underwriting, accounting, actuarial and marketing. There is no specification about who would do what. In life insurance, HRM is mainly concerned in marketing and office. In office, the main focus is in actuarial, accounting, and so on. We need to integrate the departments and get the results through IT platform. HR has been transformed with reporting systems like Human Resource Information System. For result-based management, KPI must be considered. Even for further career growth a certain level of education should be tested via different written

examinations which I have been experienced while working in Green Delta back in 1996, which was part of best practice for professional development.

**Mahfuz Anam, Editor, The Daily Star**

Insurance industry is vital to the economy. TDS is committed to covering the issue very seriously to benefit the industry, clients, and nation.

**Muhammad Abdul Mannan MP, State Minister, Ministry of Finance & Ministry of Planning**

Lack of coordination is a common attribute found in different sectors due to growing pains. We have to build institutions. The role of government is to ensure all functions can run without barriers. Earlier, there was the 'Controller' of insurance. Hence, the Insurance Development and Regulatory Agency was created. Bangladesh gets good ratings from different sources. Insurance, banking and other industries can therefore move forward in the right direction.

**Sajjadur Rahman, Editor, Star Business**

Media has an important role to create awareness among people. However, we also lack technical expertise that we could pass on. The typical negative image of the industry is a problem. Government allowed private banks in 1983 and insurance in 1984. But there are governance issues, lack of knowledge among stakeholders. The premium is only USD 1b for 77 companies, in India it is 65 for 24 life insurance companies. There are still new companies in the pipeline, which spell disaster. Penetration is one of the lowest in the world. Reckless commission such as 60-70% is unsustainable. IDRA's law has been passed in 2010 and IDRA has been set up in 2011. It still is staffed by temporary personnel. Media covers the banking sector both positively and negatively, but insurance industry has bad press regarding claim non-settlement, governance issues, and so on. Governance issues need to be addressed, so that media can properly cover them. Industry should reach out to media with suggestions of potential role of the latter for the industry.

**Kazi Md. Mortuza Ali, Director General, BIPD**

The answer to lack of empowered workforce, commitment is the first priority. Insurance companies and auxiliary forces like agents, adjusters, training and educational institutions should work for professional development. There needs to be careful human resource planning.

**M.M. Monirul Alam, MD & CEO, Guardian Life Insurance Company Ltd.**

30 million people of 15-20 years will enter job market soon. To attract them to the industry, we need to work with educational sector. We have to develop right products like actuarial service, good management, and trained sales executives.

**Md. Imam Shaheen, MD & CEO, Asian Insurance Company Ltd.**

Owners and top executives should realize that manpower or human capital is the main raw material for the industry. This is the high time to concentrate on development of human capital.

**Sainesh Dar - CII, Regional Corporate Development Director - SAARC**

A survey conducted by many agencies across the world finds that the biggest industry challenge is the workforce. The skill gap will increase.

Regulators are doing a good job in hammering the companies for quick claim settlement. Our role is to protect customers and ensure transparency. CII provides teaching and examinations. We are helping PABL to develop relevant courses. The gap includes at entry, middle, and top level. Insurance companies do pay less than banks at entry level, but pay is not everything. It's important to recognize the personnel, sponsor trainings, encourage them to invest in development, and take steps to attract people to the industry. A multi-stakeholder committee should be formed for the next step forward.

**Professor Rubina Hamid, First Vice President of BIA and Chairman, Sun Life Insurance Company Ltd.**

We should know what type of people we need in this sector. The most important are the front liners and agents, who should be trained and developed to increase overall productivity. Mid-level managers need to be trained for better transparency. Top level managers, the policy makers, also need training. The vicious cycle of poor job environment leading to failure to attract better people and vice versa needs to be broken. Organizations should take the lead in training and development of human resource. Educational institutions also should offer insurance-related course to enable knowledge and motivation.

**Nasir A. Chowdhury, Advisor and Founding MD of Green Delta Insurance & Chairman of Professional Advancement Bangladesh Ltd. (PABL)**

I am really glad to see all the colleagues from different insurance companies. I thank all the stakeholders including industry actors, IDRA, and so on for their valuable participation. Green Delta always believes in promoting and strengthening GDIC's professionals through local and foreign trainings and here CII playing a vital role through PABL for quality education.

**Borhan Uddin Ahmed, Member, IDRA**

Knowledge and skill are fundamental to development and economic growth of the country. Human capital is the main need for the industry. To gather human capital, we need education, health, on-the-job training, migration, and information.

**Gokul Chand Das, Member, IDRA**

I would encourage the participating organizations to provide us with recommendations and action points so that we could consider those for implementation although Green Delta has already given us some suggestions in this area.

**Md. Shafiqur Rahman Patwari, Chairman, IDRA**

IDRA was formed in 2011. The personnel are entirely temporary. The whole sector is suffering from image crisis and lack of confidence of clients regarding payment of payable claims. Our vision is to build trust about claim settlement and to improve the image. My measures include bimonthly meeting with CEOs and MDs, one meeting with chairmen, and so on. We sorted out certain issues. The Insurance Act 2010 is implemented only 50% and we will complete the rest in next few years. Contribution to GDP is as low as 0.67%. The unhealthy competition in terms of commission needs to be stopped and most companies are ready to stop this. We need to sort out the way to stop this. Compared to 57 banks, there are as many as 78 insurance companies, so all stakeholders of the sector should cooperate for a brighter future.