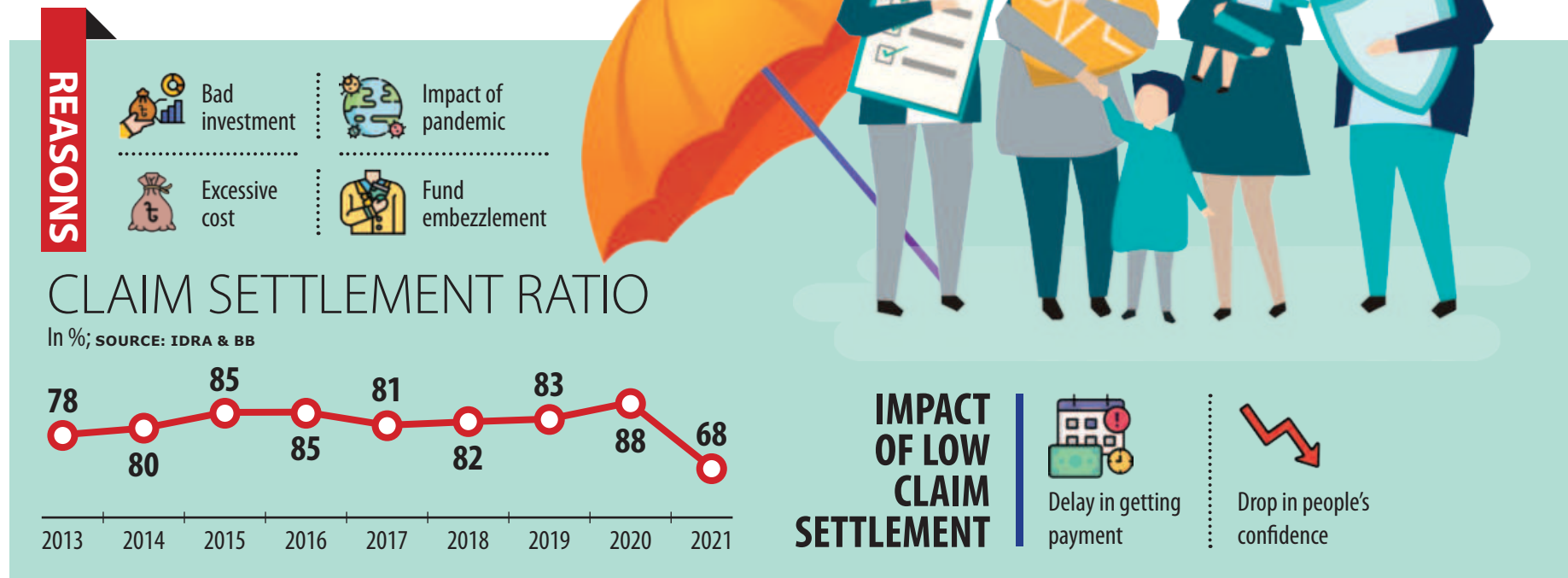


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Businesses stare at rising losses amid gas crisis

STAR BUSINESS REPORT

Ha-Meem Group, a leading textile producer and garment exporter, has been unable to run production in its mills and factories at night over the last one and a half months because of a crisis of gas.

AK Azad, chairman and chief executive officer of the group, said production in the spinning section alone had fallen by 50 per cent per month, which in terms of sales revenue amounted to Tk 2.5 crore.

On the other hand, Azad also cannot make a profit from the sale of yarn from imported cotton whose price was already high.

As a result, Azad is in doubt whether he would be able to achieve his export target at the end of the current fiscal year.

Last year he exported garment items worth \$800 million. This year he apprehends achieving 20 per cent less than what he has targeted to export, which would not fare well for his 75,000 workers.

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INSURANCE CLAIM settlement plunges

SECTOR IN FOCUS
 SUKANTA HALDER and AHSAN HABIB

The claim settlement ratio of life insurance companies in Bangladesh plunged to its lowest level at least in a decade in 2021 as their capacity to pay out has been reduced by bad investment, excessive costs and business slowdown caused by the coronavirus pandemic.

In 2021, the claim settlement fell to 68 per cent from 88 per cent the previous year, according to the Financial Stability Report

of the Bangladesh Bank for 2021.

The claim settlement ratio, often considered by customers as an indicator of an insurer's reliability to pay out their claims, is the percentage of claims that insurers settle in a financial year out of the total claims filed by the policyholders.

Prof Md Main Uddin, a former chairman of the department of banking and insurance at the University of Dhaka, expressed his surprise at the sharp drop in the claim settlement ratio.

"The main reason for the sharp decline in claim settlements is the low accountability of companies. The insurers did not settle the claims even after policies had matured."



"This tendency creates a negative perception among general people about the insurance companies."

Industry insiders often refer to claim settlement as a life insurance company's moment of truth. It is one of the most critical services an insurance

provider is obligated to fulfill for its customer, according to an article in Forbes magazine.

So, the steep drop in the settlement ratio will not bode well for an industry where the life insurance penetration, measured as the ratio of gross written premium to GDP, was

0.5 per cent last year, down from 0.94 per cent in 2010, according to data from the Insurance Development and Regulatory Authority (IDRA).

The claim settlement ratio was around 83 per cent in 2019 and 78 per cent in 2013.

In India, the settlement-to-claim ratio in the country's most of the life insurers was in the range of 98.3 per cent to 99.3 per cent in 2020-21 while only one company's ratio stood at less than 90 per cent, according to media reports.

The global standard for claim settlements is 97-98 per cent.

"Many life insurance companies are deceiving people

READ MORE ON B3

STOCKS	
DSEX	CASPI
0.75%	0.42%
6,344.31	18,719.67

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,657.6	\$85.20	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.18%	0.43%	1.75%	0.13%	
59,307.15	26,890.58	2,969.95	3,038.93	



Frequent power cuts nowadays have turned people desperate for respite from the heat and to stay active once daylight is not available, leading to a sharp rise in both demand and prices of electrical equipment such as portable lights and fans which run on rechargeable batteries and instant power supply (IPS) units. PHOTO: RAJIB RAIHAN

Bafeda refixes dollar rates

STAR BUSINESS REPORT

Banks in Bangladesh yesterday refixed the rates at which they would buy US dollars from exporters and foreign exchange houses that mobilise remittances from migrant workers.

The new rates will come into effect tomorrow.

Under the new rates, exporters will get Tk 99.50 for each US dollar, compared to Tk 99 now.

Banks will pay a maximum of Tk 107 instead of Tk 107.5 to foreign exchange houses.

The decision was taken at a meeting between the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers, Bangladesh at Sonali Bank's head office in the capital.

Md Afzal Karim, chairman of the Bafeda, READ MORE ON B3

Factory output growth slows

MD ASADUZ ZAMAN

Growth of Bangladesh's factory output had slowed down last fiscal year of 2021-22, which analysts forecast was likely to prevail in the current fiscal year and could even be exacerbated by soaring prices, the global economic slowdown and ongoing gas and electricity crisis.

Average production of large and medium manufacturing industries grew 13.7 per cent year-on-year in fiscal year 2021-22, as per the Bangladesh Bureau of Statistics (BBS).

In fiscal year (FY) 2020-21, it was 18.6 per cent.

The scenario played out for pharmaceuticals and mechanical chemicals, leather and leather related products, non-metallic mineral products and fabricated metal products, except for machinery.

Negative growth was witnessed in the production of food products and processing, chemicals and chemical

products and tobacco products.

Apparel and basic metal production maintained buoyancy.

The national statistical agency collects industrial production data from 965 industries, both public and private, in 22 sectors on a monthly basis to assess the movement of industrial production.

The sectors include food processing, beverages, textile and garments, jute, leather, paper and printing, petroleum, chemical and chemical products, pharmaceuticals, plastic, steel, cement, edible oil and soap and detergent.

Despite the slowdown, a double-digit growth was still not bad, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue.

Major industrial sectors in Bangladesh showed a good performance in export market in fiscal year 2021-22, he said.

"It appears the demand for the domestic market-oriented products READ MORE ON B3

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