

Star BUSINESS

A significant wage gap between men and women still persists in agriculture, with male workers earning around Tk 450 per day while females make Tk 300



Story on B4



WEEKLY INTERVIEW
Imran Asif
'Automated fuel price adjustment to benefit local airlines'

STAR BUSINESS REPORT

Local airlines will benefit from automated adjustments of fuel prices in line with the international market as it will bring them and foreign carriers on a level playing field in terms of fuel costs, said the chief executive of a private airline.

The government enabled the automated adjustment from March 8 as per conditions of \$4.7 billion in loans from International Monetary Fund, to reduce pressure from the need to provide subsidies and to use such resources on social protection programmes.

Following the adjustment, prices of octane, petrol, diesel and kerosene declined by as much as Tk 4 per litre.

The energy and mineral resources division did not disclose whether this adjustment will affect the rate of jet fuel, which is used by airlines.

"Introduction of automated fuel price adjustment is a welcome move. We, from the aviation sector, have been demanding for international prices of fuel," said Imran Asif, chief executive officer at Air Astra, in an interview with The Daily Star.

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Industry at a glance

Life insurance penetration in Bangladesh is 0.5% There are 35 life insurance companies in the country

INSURANCE POLICIES

- ▶ The number was 1.12 crore in 2009
- ▶ The number was: 85.88 lakh at the end of 2023

Reasons behind policy discontinuation

- ▶ Insurance agents not providing all key information to customers
- ▶ Changes in financial condition of customers
- ▶ Embezzlement of customers' money by field-level employees
- ▶ Clients being encouraged to buy policies beyond their financial capability
- ▶ A lack of understanding among clients on products suitable for them
- ▶ Insurance agents leaving the profession
- ▶ Lack of confidence in the insurance industry



"The higher policy discontinuation rate highlights the negative perception that people have about the insurance sector. This is a major failure of insurance companies"

Md Main Uddin
A professor of Dhaka University

26 lakh insurance policies discontinued in 14 years

Clients' weak financial conditions and lack of awareness are among factors

SUKANTA HALDER

More than 26 lakh insurance policies have lapsed in Bangladesh in the last 14 years owing to a raft of factors, including the worsening of financial health of clients, a lack of awareness among them, and agents' tendency not to explain product features properly while selling them.

In 2009, the total number of policies was nearly 1.12 crore and it fell to 85.88 lakh in 2023, figures from the Insurance Development and Regulatory Authority (Idra) showed.

The lapse is the rate at which policyholders fail to pay their premiums on time, leading to cancellations of insurance coverage.

About 50 percent of life insurance policyholders in Bangladesh do not pay premiums after the first year.

The lapse rate is 10 percent in India. Globally, 96 to 98 percent policies are continued, said SM Ibrahim Hossain, director of the Bangladesh Insurance

Academy, a state-run institute imparting training to insurance professionals.

The reasons for the higher lapse rate include purchasing of higher value plans compared to

product that may not suit the requirements of the customer or he or she may not have the financial capacity to continue it."

There are some other reasons for policy discontinuation and

He said agents sometimes switch professions and insurers close branches. Natural calamities such as floods, droughts and cyclones also caused the deterioration of the financial capacity of policy-holders.

An Idra official, on condition of anonymity, said that there are some managing directors of insurance companies who influence their agents so that policies are discontinued.

"If the policy is not renewed at the end of the first year, the companies will not have to settle the claims."

Ala Ahmad, chief executive officer of MetLife Bangladesh, the lone international life insurer in the country, said lapsed policies are bad for both customers and insurers.

"For customers, they mean losing the safety net that could protect them against unforeseen events. For insurers, they lead to lost revenue and negatively impact financial stability and customer relationships."

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the affordability of clients and agents' tendency not to furnish potential customers with key information that may lead to non-subscription of the products in the first place, according to Mohammad Jainul Bari, chairman of the Idra.

"Many a time, agents don't share rules when they sell policies. Agents may also sell a

one of them is fund embezzlement by agents.

According to Hossain, non-payment of premiums and the loss of income sources also play a role.

"In many cases, policy-holders pay the premiums to someone else who does not deposit the money within the stipulated period or does not deposit the fund at all."

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Can the overly enthusiastic drives stop restaurant fires?

AHSAN HABIB

The Bailey Road fire, which killed at least 46 people on the last night of February, once again points to the massive flaws in the safety system of businesses in the sprawling Dhaka city and highlights the urgency to ramp up monitoring and interventions to avoid preventable deaths.

However, the way several government agencies have been going after restaurants indicates their reactive attitude instead of a proactive one. Their actions demonstrated that they did not know whether these establishments had created fire risks for the public or they had just unearthed that



many of the restaurants were running without proper approvals.

However, is that the case? Not at all. These restaurants have been operating right under the nose of the authorities for years. These places were frequented by customers, who went there to taste various dishes and spend quality time with their loving family members.

Foodies may claim that they were unaware of the risks but the government can't do the same. Can the officials of the government agencies tasked with ensuring the implementation of building codes or fire safety evade their responsibility just by saying that they did not visit any of the places ever or they did not know about the risks posed by restaurants?

How could these restaurants, however, start their operations without ensuring fire safety?

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STOCKS		WEEK-ON WEEK
DSEX	2.27%	6,112.76
CASPI	2.1%	17,550.78

COMMODITIES		AS OF FRIDAY
Gold	\$2,178.8	(per ounce)
Oil	\$77.84	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.04%	0.23%	0.42%	0.61%	
74,119.39	39,688.94	3,147.09	3,046.02	

Navana Pharma to build Tk 145cr facility

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Navana Pharmaceuticals plans to invest Tk 145.27 crore to construct a five-storey production unit for generic drugs.

The drug company will provide Tk 132 crore from its own funds and external sources and the remaining will be availed from proceeds of an initial public offering (IPO).

The factory, to have an area of approximately 20,000 square feet, will comply with World Health Organization's good manufacturing practices (GMP).

The GMP ensures that medicinal products are produced in a consistently controlled environment adhering to quality standards appropriate for the use intended.

The new production unit will enhance the company's existing annual production capacity by around 100 crore units, the company said in a price sensitive disclosure on the Dhaka Stock Exchange website.

Meanwhile, the board of directors of Navana Pharmaceuticals has brought changes to plans on the use of the IPO proceeds.

The company earlier planned on using Tk 13.18 crore for the modernisation and expansion of a facility generating a small volume of parenteral and ophthalmic products.

Parenteral refers to that inside the body but outside the intestine while ophthalmic means relating to the eye and its diseases.

Now, the board has decided to use the fund in the construction of the new generic drug production unit.

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Women far behind men in financial inclusion thru MFS

Women trail men in banking sector as well, study finds

STAR BUSINESS REPORT

Despite the rapid expansion of mobile financial services (MFS) in Bangladesh over the past decade, women are lagging far behind men in terms of financial inclusion.

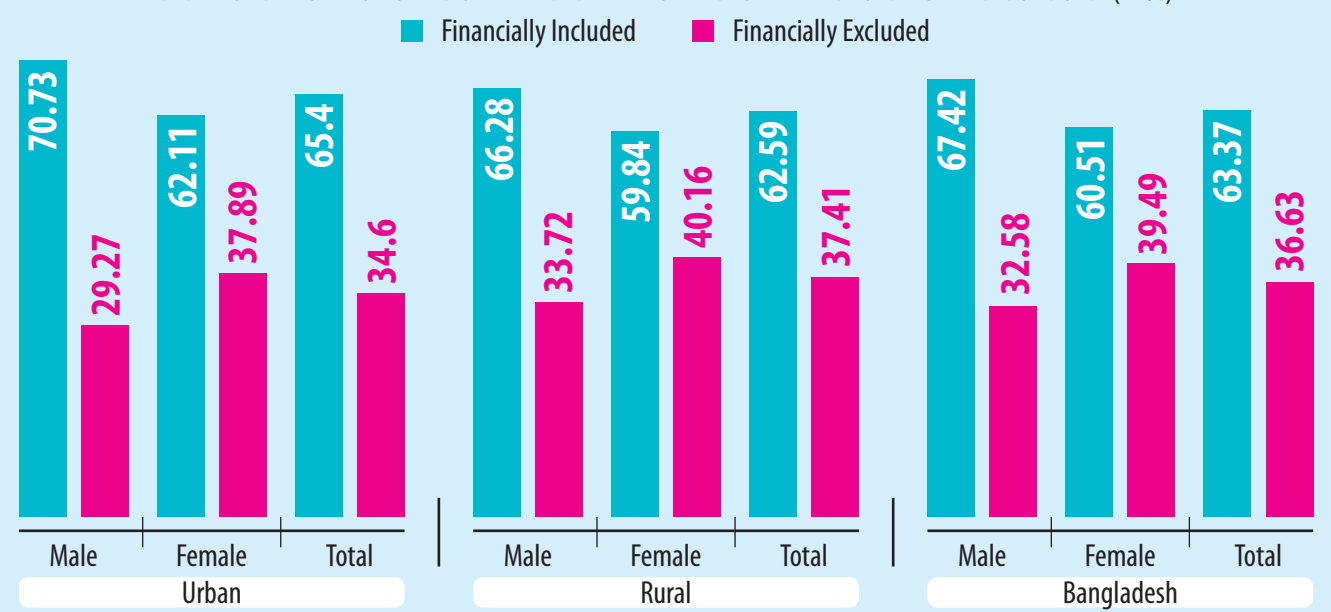
The gender gap between men and women in terms of having an MFS account is 35.42 percentage points, according to a study unveiled yesterday.

At present, 82.58 percent of men have MFS accounts compared to 47.16 percent of women, said the study conducted by a team of researchers led by Ayesha Banu, a professor of women and gender studies at the University of Dhaka.

Lila Rashid, a former executive director of Bangladesh Bank, Sayema Haque Bidisha, a professor of economics at the University of Dhaka, and Mokhlesur Rahman, managing director of the Centre for Research and Development (CRD), co-authored the study, which was presented at an event at the InterContinental Dhaka.

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Gender and area-wise financial inclusion status (In %)





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