No insurance assets will be usable for owners' personal loans

IDRA moves to amend the law to safeguard industry, policyholders

REGULATOR WILL AMEND 50 SECTIONS OF THE ACT

REASONS BEHIND AMENDMENT

- Protecting interests of policyholders and industry
- Taking into account issues that conflict with other laws
- Developing the overall sector

NEW PROPOSALS ADDED TO THE ACT

- Defining independent director's role
- Corporate agents should belong to the company
- Punishment should be stricter
- Insurers can't assist directors, their families in obtaining loans by using the companies' assets as collateral

> **There is a need for clarification in some sections to make the law universal and time-befitting. Besides, there are many issues in the industry that are not covered by existing regulations.**
>
> **Md Zahangir Alam**
> Director of IDRA's non-life department

SUKANTA HALDER

Insurers shall not assist company directors, shareholders, their families or other related individuals in obtaining loans from financial institutions by using company assets as collateral, according to a draft amendment to Insurance Act 2010.

The Insurance Development and Regulatory Authority (IDRA) has taken this initiative as a part of its efforts to develop the insurance sector by ensuring proper safeguarding of the interests of policyholders.

Additionally, the IDRA aims to amend certain provisions that are in conflict with other laws in order to streamline operations in the industry.

As such, the insurance regulator seeks to amend a total of 50 sections of the act.

The IDRA prepared its proposals for amendment, addition and deletion of existing guidelines after reviewing the opinions of various stakeholders while also taking into consideration the laws of other countries.

The draft of the law containing the amendments was then published on the IDRA website on March 28, with the IDRA seeking further insight from experts and the public on the proposed measures by April 24.

However, the IDRA will move forward with its current plan if no objections are made within the stipulated deadline.

Copies of the draft have also been sent to the president of Bangladesh Insurance Association, managing directors and chief executive officers of life and non-life insurance companies, president of Bangladesh Insurance Forum, and director of Bangladesh Insurance Academy.

Md Zahangir Alam, director of the IDRA's non-life department alongside its spokesperson, said the law was enacted about 13 years ago and has become outdated as the industry has changed a lot since then.

"There is a need for clarification in some sections to make the law universal and time-befitting. Besides, there are many issues in the industry that are not covered by existing regulations," he added.

Alam also said there is a need to add a slew of new clauses and withdraw some old ones to protect the interests of policyholders as well as the industry.

"That is why the law is being amended," he added.

AKM Monirul Hoque, vice-president of Bangladesh Insurance Association (BIA), said they received the draft and welcome the fact that many sections could undergo changes.

He informed that a meeting between the BIA executive and technical committees to be held within a week will thoroughly discuss the IDRA's proposal before submitting their own recommendations.

As per the draft, a new section will be added requiring insurers to appoint independent directors who would be free from the influence of the company management or shareholders.

The independent director will be responsible for ensuring the company's compliance with applicable laws, rules and regulators and also provide opinions for improving operations.

Another section states that without the IDRA's approval, insurers will not be able to avail loans or financial benefits from the company or any subsidiary controlled by its directors, shareholders, their families or other related individuals.

With approval of the IDRA, insurers will also have to appoint an appropriate number of actuaries in accordance with their company size.

The actuaries' qualifications, responsibilities, financial benefits and other conditions will be determined by the regulatory body.

As per the current law, insurers offering life insurance services only have to appoint actuaries if necessary and with IDRA approval.

Another proposed law states that only people with the prescribed qualifications of the IDRA should be appointed as the chief financial officer or company secretary of insurers following regulatory approval.

It also said no chief financial officer or company secretary approved by the insurer can be terminated without prior permission of the IDRA.

And before granting permission, the IDRA will provide a written order giving the individual an opportunity to disprove any allegation against him/her.

If proven guilty though, the person in question will not only face termination, but also be banned from working at any other insurance company for the next five years.

Moreover, any person who provides misleading, false or fraudulent statements, assurances or forecasts to lure customers into entering into insurance contracts shall be punished with fines of up to Tk 20 lakh.

They may also face imprisonment for a term of up to three years.

Another section of the draft states that any director, shareholder, chief executive officer, manager or other officer of an insurer will be fined between Tk 1 lakh to Tk 10 lakh depending on their different types of offences described in the existing law.

If the offence is repeated, the individual will be fined a maximum of Tk 10,000 for every day that elapsed since the first violation.

Mutual funds top gainers' list

STAR BUSINESS REPORT

Mutual funds yesterday led the top gainers' list of the stock market in Bangladesh as investors are scrambling to buy the securities before the asset managers announce their year-end dividends for 2023.

However, the increased demand for mutual funds failed to boost the overall market, with all major indices remaining in a downspin for the second day consecutively.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 4 points, or 0.07 percent, to close at 5,774 points.

Similarly, the DSES, an index that represents shariah-compliant companies, shed 2 points, or 1.54 percent, to hit 1,264 points.

Likewise, the DS30 index, which comprises blue-chip stocks, slipped by 2 points, or 0.10 percent, to 2,012 points.

Among all sectors, mutual funds saw the highest rise of about 4 percent while textiles gained 0.85 percent, and food and allied added 0.3 percent, according to UCB Stock Brokerage.

Of the 37 mutual funds listed with the DSE, one saw its value erode while that of four others remained the same and 32 increased.

Most mutual fund managers will soon declare dividends, which prompted some investors to buy mutual funds, said an official of a brokerage

A top official of a leading stock brokerage said most mutual fund managers will soon declare dividends for the year that ended on December 31.

This prompted some investors to buy mutual funds as most of them are lucrative for having a lower unit price than their net asset value.

"So, the increased demand propelled the securities to the top of the gainers' list," he added.

Prime Finance First Mutual Fund topped the gainers' list, with its unit price increasing by 9.97 percent.

Asiatic Laboratories followed with a rise of 9.88 percent while the value of Capitec Grameen Bank Growth Fund increased by 9.47 percent.

Also, the unit price of SEML Lecture Equity Management Fund edged up 9.33 percent while that of ICB AMCL CMSF Golden Jubilee Mutual Fund surged 9 percent.

Leaders eat last

SAZZADUL HASSAN

The success and failure of any organisation largely depend on its leadership. Studies show that there is no "one size fits all" leadership style. Nevertheless, effective leaders do possess certain attributes which are extremely crucial for an organisation's sustained success.

In his book "Leaders Eat Last", American author and motivational speaker Simon Sinek highlighted the underlying principles of effective leadership. The book contains some engrossing anecdotes and real-life examples which can be applied to create an organisation where employees are strongly motivated to go all-out, collaborate and eventually succeed.

Let's delve into some of the key takeaways from the book.

Putting the well-being of employees first has a profound impact on its success. Leaders can do this by exhibiting care and empathy for their employees.

Simon cited the example of the US Marine Corps where leaders prioritise the well-being of their team members above their own comfort, thus creating a sense of comradeship and loyalty and inspiring them to go for extraordinary triumphs.

Employee well-being can be ensured by offering comprehensive compensation packages, helping them in their professional growth, and treating them like family members. Organisations having these practices experience higher employee job satisfaction, lower turnover, and much better productivity.

Building trust between leaders and employees as well as among team members helps organisations create a working environment conducive to being innovative, taking risks, and working collaboratively. It all starts with open and transparent communication.

Encouraging colleagues to share their ideas and providing feedback on leadership also contribute positively. Tech giant Google is well-known for its open and transparent communication, thus building trust among colleagues.

Leaders must foster a sense of greater purpose across the organisation. When employees feel that their work has an impact on the well-being of the society and environment, they feel more engaged and motivated.

Patagonia, an outdoor apparel company, is committed to sustainability and encourages its employees to act on environmental issues. By aligning their work with a higher purpose, employees feel a sense of fulfilment and are more likely to stay longer with the company.

Creating a sense of belongingness among employees supports organisations to develop a more engaged, supportive, and productive workforce. One example of a company that does this well is Airbnb. They encourage employees to arrange social events and gatherings outside of their working hours. This creates a social ecosystem and allows employees to interact informally and more openly and develop a sense of belongingness.

Simon Sinek has introduced a novel concept called "servant leadership, which prioritises the needs of the team members and enables their success. Servant leaders do this by providing necessary guidance, support, and resources to their teammates. They actively listen to their colleagues, taking their perspectives into account and making decisions that benefit the collective rather than serving their own agendas.

Moreover, servant leaders are committed to the growth and development of their teammates by providing opportunities for learning. They believe investing in employees' growth benefits both individuals and companies. Servant leaders also act as mentors and coaches, providing guidance to team members reaching their full potential.

Finally, effective leaders must lead by example. Leaders who demonstrate the behaviour they want to see in their employees create a culture of accountability and respect.

Simon Sinek outlined great insights on principles of leadership that certainly drive organisational success.

The author is chairman and managing director of BASF Bangladesh. Views are personal.

Biden unlikely to cut Iran's oil lifeline after Israel attack

REUTERS, *Washington*

Iran's unprecedented missile and drone strike on Israel is unlikely to prompt dramatic sanctions action on Iran's oil exports from the Biden administration due to worries about boosting oil prices and angering top buyer China, said analysts.

Shortly after Tehran launched its weekend attack - retaliation for Israel's suspected April 1 strike on the Iranian consulate in Damascus - House Republican leaders accused President Joe Biden of failing to enforce existing measures and said they would take up this week a series of bills to sharpen sanctions on Iran.

Speaking to Fox News on Sunday, House Majority Leader Steve Scalise said the administration had made it easier for Iran to sell its oil, generating revenues that were being used to "go fund terrorist activity."

The political pressure to punish Iran creates a thorny problem for the administration: how to deter such attacks in future without escalating regional tensions, raising oil prices or antagonising China, the biggest buyer of Iranian oil.

Washington has said for months that among its primary goals is to keep the Gaza conflict between Palestinian group Hamas and Israel from metastasising into a wider regional war, with a key aim of keeping Tehran on the sidelines.

Several regional analysts said they doubted Biden would take significant action to ramp up enforcement of existing US sanctions to choke off Iran's crude exports, the lifeblood of its economy.

READ FULL STORY ONLINE

IMF lifts global growth forecast

But signals pessimism over medium term

AFP, *Washington*

The IMF has raised its outlook for the global economy this year, while maintaining a gloomy forecast over the medium term, according to fresh data published Tuesday.

The International Monetary Fund now expects the world economy to grow by 3.2 percent this year, up 0.1 percentage point from its previous forecast in January, and by a further 3.2 percent in 2025, according to the latest World Economic Outlook (WEO) report.

Global headline inflation is expected to ease from 5.9 percent this year to 4.5 percent in 2025, supported by elevated interest rates in many countries around the world.

"The global economy remains quite resilient, although there are differences in regions and countries," IMF chief economist Pierre-Olivier Gourinchas told reporters in a call ahead of the WEO's publication on Tuesday.

"Our baseline scenario is one that is consistent with a global soft landing," he said, referring to attempts by many central bankers to bring inflation down to target without fueling high unemployment or killing economic growth.

The WEO's publication comes as global financial leaders are gathering in Washington this week for a series of semi-annual meetings hosted by the IMF and World Bank at their headquarters in Washington.

Assistance for the world's most indebted nations and climate change are at the top of the agenda for those meetings.

Divergence among advanced economies

The differences among the world's advanced economies are stark: The IMF now expects growth in the United States to hit 2.7 percent this year -- up 0.6 percentage points from the January forecast -- marking an acceleration from the 2.5 percent growth recorded in 2023.

Growth in the world's largest economy is then expected to slow to 1.9 percent in 2025, slightly higher than previously expected.

In contrast, the Euro Area is now expected to grow by just 0.8 percent in 2024 -- down 0.1 percentage point from January and only slightly above last year's tepid 0.4 percent growth -- before picking up to 1.5 percent in 2025.

The outlook for the United Kingdom and Canada this year has also been revised lower, while Japan's 2024 growth forecast was unchanged.

China unchanged

The picture is also mixed for the world's emerging market and developing economies.

China, the world's second-largest economy, is still expected to grow by 4.6 percent this year, and by 4.1 percent in 2025 -- unchanged from January.

The slowdown in growth is largely down to the easing of a "post-pandemic boost to consumption and fiscal stimulus," and the ongoing weakness in the property sector, according to the WEO report.

One of the bright spots this year is India, which the IMF now expects to grow by 6.8 percent -- up 0.3 percentage points from January's forecast -- and by 6.5 percent in 2025.

Employees work on an engine assembly line at a factory in Qingzhou, in China's eastern Shandong province, yesterday. China, the world's second-largest economy, is expected to grow by 4.6 percent this year, and by 4.1 percent in 2025 -- unchanged from January.

PHOTO: AFP