

Banglalink draws the curtain on 3G

STAR BUSINESS REPORT

Banglalink has recently phased out its 3G networks, becoming the country's first mobile operator to bid adieu to the technology, and repurposed those resources, including spectrum, to enhance the quality and speed of its 4G services.

The term 4G refers to the fourth generation of mobile technology which follows the 2G and 3G networks that came before it.

It has maximum upload and download rates of about 500 Megabytes per second (Mbps) and 1 Gigabyte per second (Gbps) respectively.

In contrast 3G can offer up to 5 Mbps and about 21 Mbps respectively.

The repurposing of the resources will enhance the quality and speed of its 4G network, said CEO Erik Aas in a statement yesterday.

Meanwhile, other operators in Bangladesh are also racing to phase out 3G.

Robi Axiata, for instance, plans to shut down its 3G network within a month, a company official informed The Daily Star this week.

Industry insiders have pointed out that aging 3G networks consume a significant portion of an operator's capital expenditure and operating expense, so freeing up valuable spectrum resources for 4G expansion is crucial.

China signs MoU with Airbus

REUTERS, Beijing

China's state planner signed a memorandum of understanding (MoU) with Airbus on deepening aviation cooperation, Chinese state media Xinhua reported on Tuesday.

President Xi Jinping and his French counterpart President Emmanuel Macron released joint statements and reached interdepartmental agreements on several areas including artificial intelligence, the Middle East and agriculture during his trip to France, the Xinhua news agency said.

Airbus is in talks with China over a potentially major aircraft order, two people familiar with the matter have said. China has historically signalled large jet orders timed to coincide with state visits, but the negotiations between Airbus and China's CASC buying agency are likely to go down to the wire and are not guaranteed to result in a deal, the people said.

No commission or service fee for claim settlement

IDRA says in new Insurance Claims Management Guideline 2024

CLAIM SETTLEMENTS

- Global average is 97-98%
- In India the rate stood at 98.45% in 2022-23
- The rate in Bangladesh was 65.19% in 2023
- In life insurance, the rate in Bangladesh was 72% in 2023
- For non-life insurance, the rate was 41% in Bangladesh

INSURANCE PENETRATION RATE

Bangladesh: 0.46%
India: 4.2%
Pakistan: 0.91%

INDUSTRY IN BANGLADESH

36 life insurance companies
46 non-life insurers
17.11m people under insurance coverage

Insurance claims management guideline

- Companies will not be able to take commissions, service charges from clients
- Insurance claim has to be paid within 90 days
- Insurers will have to update policyholders about the maturity of claims through messages
- Insurers should always maintain financial liquidity



There are some clauses in these guidelines which could have been more specific. By doing so, both policyholders and insurers would have benefitted.



Tohidul Alam
Chairman of the Department of Banking and Insurance, Rajshahi University

SUKANTA HALDER

Insurance companies in Bangladesh will no longer be able to charge policyholders for commissions or service fees while settling claims, according to the "Insurance Claims Management Guideline 2024".

Insurers must ensure help desks and complaint boxes in their offices, form grievance redressal committees and strengthen internal audit activities, it said.

They must also keep designated insurance claim management officials and introduce an online tracking system so that policyholders can view the progress in the settlement process against their claims, it said.

Insurers cannot ask for any document from policyholders other than those mentioned in the insurance contract and must become technologically adept and upload all their policies on the regulator's app, it added.

The Insurance Development and Regulatory Authority (IDRA) issued the guidelines on April 28 to protect the interests of policyholders and ensure transparency and accountability in insurers' activities.

Around 65.19 percent of all claims were settled in 2023, according to the IDRA, which is a far cry from the global average of 97-98 percent, according to media reports.

In Bangladesh, 72 percent of life insurance claims and 41 percent of non-life insurance claims were settled in 2023.

The insurance penetration rate, which is measured as a ratio of total premiums collected to a country's gross domestic product, in Bangladesh stands at 0.46 percent whereas it stands at 4.2 percent and 0.91 percent in neighbouring India and Pakistan respectively.

At present, there are 36 life insurance and 46 non-life insurance companies in Bangladesh, with around 17.11 million people currently under insurance coverage.

However, the guideline is vague in some

aspects. For instance, it says that the board of directors must ensure the payment of insurance claims using "as few steps as possible".

This guideline was formed to protect policyholders' interest, such as ensuring disbursement of claims as fast as possible and reducing paperwork and associated requirements for beneficiaries, Zahangir Alam, spokesperson of the IDRA, told The Daily Star.

AKM Monirul Hoque, vice-president of the Bangladesh Insurance Association, said the regulator held consultations with them before formulating the guidelines.

The Insurance Development and Regulatory Authority issued the guidelines on April 28 to protect the interests of policyholders and ensure transparency and accountability in insurers' activities

However, it would have been better if this guideline had been formulated earlier, he said.

To Tohidul Alam, a professor and chairman of the Department of Banking and Insurance of the Faculty of Business Studies at the University of Rajshahi, these guidelines are very timely.

Customers will find it easier for their claims to be settled, he said.

However, there are some clauses in these guidelines which could have been more specific. By doing so, both policyholders and insurers would have benefitted, he opined.

For example, the guideline states that claims should be settled "without delay" in cases where an investigation is not required. But it does not specify which cases do not need investigations nor any timeframe for

"without delay", he said.

Another clause states that insurers must maintain "liquid assets" to timely settle claims but does not specify the amount or even a percentage relative to the total amount of assets, added Alam.

In the case of banks, Bangladesh Bank has specifically mentioned the cash reserve ratio (CRR) and statutory liquidity ratio (SLR) that lenders have to maintain, he said.

The CRR is the portion of customer deposits that commercial banks must keep as a reserve with the central bank to ensure that they do not run out of cash to meet the payment demands of their depositors.

The SLR is the almost same, differing only by the fact that the reserve can be kept in the form of cash, gold or other securities.

"The claim settlement ratio is low in Bangladesh as some insurers don't clear a large part of the claims on time," said Mohammad Jainul Bari, chairman of the IDRA, recently.

"This is creating a bad image for the overall industry," he said.

To improve the claim settlement rate, the IDRA initiated some regulatory reforms and rolled out corporate governance and policyholder protection guidelines, he said.

A company's licence was suspended and two companies are under special audit. Some other companies have been fined a large amount. "All of this has been done so that all other companies speed up settlements," Bari said.

The IDRA has even instructed some companies to sell properties and settle claims, he said.

"However, the regulator alone can't do everything for the development of the sector. The companies must have the desire to improve the situation," he said.

He added that if the mindset to serve people and do business honestly did not exist, problems would remain in the sector no matter how many laws the regulator enacts.

US Trade Show begins in Dhaka tomorrow

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The 29th edition of the US Trade Show will begin in Dhaka tomorrow to showcase American products and services in Bangladesh and give a boost to bilateral trade.

The three-day show will exhibit over 100 US products represented by 44 exhibitors from home and abroad, said Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh (AmCham).

He spoke at a media briefing yesterday at the InterContinental Dhaka for the show, which will be jointly organised by AmCham and the US embassy in Dhaka.

The show will remain open from 10:00am to 8:00pm and the entry free has been fixed at Tk 30 per person. Students in uniform or with identity cards will enjoy free access.



The show was first organised in 1992 and now it has emerged as Bangladesh's premier annual business event, drawing thousands of visitors each time, Ahmed said.

This year's US Trade Show will be inaugurated by Salman F Rahman, private industry and investment adviser to the prime minister.

This trade show will be an opportunity to showcase high-quality products of US companies in Bangladesh, said John Fay, commercial counsellor of the US embassy in Dhaka.

It will also help strengthen Bangladesh's relationship with the US, he added.

Five seminars will be organised at the event, with their titles being "Inclusive Innovation: Empowering Women in the AI Era", "US Export Licensing for Importers", "Studying in the US and Student Visas", "USAID Development Work with the Private Sector", and "Doing Business with the US and Business Visas".

Stocks break 5-day gaining streak

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange (DSE) plummeted yesterday, breaking a five-day gaining streak.

An upward trend was seen at the beginning of the day's trading, but the prime index plunged before the closing.

The DSEX, the key index of the DSE, went down 1.74 points, or 0.03 percent, to settle at 5,725.28.

Likewise, the DSES, the index that represents Shariah-based firms, dropped 6.48 points, or 1.16 percent, to 1,255.02 and the DS30, which comprises 30 best blue-chip stocks, fell 6.43 points, or 0.31 percent to 2,040.39.

Turnover, which is the total value of shares traded during the session, increased 1.16 percent to Tk 1,108 crore, a three-month high.

The non-bank financial institutions, mutual fund and services and real estate sectors closed in positive territory while information technology, life insurance and jute closed on a negative note.

Among the sectors, pharmaceuticals dominated the turnover chart, accounting for 8.75 percent of the day's total turnover.

Of the issues traded on the DSE, 131 nudged higher, 222 remained lower, and 41 did not see any price fluctuation.

Sri Lanka approves power deal with Adani Group

AFP, Colombo

Sri Lanka announced Tuesday it was entering into a 20-year agreement with Adani Group to buy electricity from a \$442-million wind power plant the Indian conglomerate is building in the island nation.

The state-run energy utility will buy electricity at \$0.0826 a kilowatt-hour, about a third cheaper than the current average paid, energy minister Kanchana Wijesekera told reporters.

An Adani Group official said the Adani plant is expected to be connected to the national grid within two years.

The renewable energy project comes after Sri Lanka awarded Adani a \$700-million strategic port terminal project in Colombo in 2021.

Adani Group had been nominated as the contractor by the Indian government. Its founder Gautam Adani is Asia's second-richest man and has longstanding ties with Indian Prime Minister Narendra Modi.

Adani Group last year denied accusations of "brazen" corporate fraud by a US short-seller that sent the share price of its listed units into freefall, though it has since reversed the decline. The port project -- a 1.4-kilometre (0.9-mile), 20-metre (66-foot) deep jetty right next to a Chinese-operated terminal in Colombo -- was widely seen as a bid to address New Delhi's growing concern over Beijing's expanding influence in the Indian Ocean.

China is Sri Lanka's largest bilateral lender, accounting for 10 percent of the island nation's overall foreign debt.

Colombo is awaiting a debt restructuring agreement with Beijing and other official and private creditors to continue with a \$2.9 billion bailout from the International Monetary Fund.

Changing farming practices could cut almost one third of global emissions: WB

AFP, Washington

Changing the way food is produced around the world could significantly reduce greenhouse gas emissions by the end of the decade, the World Bank said Monday.

The so-called agrifood industry is responsible for almost a third of all greenhouse gas emissions worldwide, the Bank said in a report.

Two-thirds of these emissions come from middle-income countries which take seven of the top 10 spots for greenhouse gas emitters worldwide -- including the top three places for China, Brazil and India respectively.

"To protect our planet, we need to transform the way we produce and consume food," the Bank's senior managing director Axel van Trotsenburg said in the forward to the report.

The Bank's report said the agrifood sector has a huge opportunity to cut almost a third of global emissions through



Farmers work in a rice field in Bulacan, Philippines. The agrifood industry is responsible for almost a third of all greenhouse gas emissions worldwide, according to the World Bank. PHOTO: AFP/FILIP

"affordable and readily available actions," and urged countries to invest more money in tackling

the problem.

The report said middle-income countries should look

to make a number of changes, including moving to low-emissions livestock practices and

making more sustainable use of land.

"Simply changing how middle-income countries use land, such as forests and ecosystems, for food production can cut agrifood emissions by a third by 2030," van Trotsenburg said in another statement.

To help pay for the shift to less-emitting methods, countries should consider cutting some of their wasteful agricultural subsidies, the World Bank's report said.

High-income countries like the United States -- the world's fourth-largest greenhouse gas emitter -- should do more to provide technical assistance, as well as "shifting subsidies away from high-emitting food sources," the report said.

Meanwhile, low-income countries should look to "avoid building the high emissions infrastructure that high-income countries must now replace," it added.