

Insurance policy lapses decline

Yet high discontinuation rate signals fragile trust in the sector

SUKANTA HALDER

The number of policyholders failing to pay their insurance premiums on time declined in 2024 from the previous year, but the rate of discontinued policies remains high – reflecting fragile customer confidence in the local insurance sector.

In 2024, 12.49 lakh policies were discontinued – a 19 percent drop from 15.42 lakh across 36 life insurance companies in the previous year, according to the Insurance Development and Regulatory Authority (Idra).

Astha Life Insurance reported no lapsed policies last year.

In contrast, Sonali Life Insurance recorded the highest number of policy lapses, with 2.37 lakh customers abandoning their coverage.

Delta Life Insurance Company, Popular Life Insurance, National Life Insurance, and MetLife Bangladesh followed closely behind, according to Idra.

Golden Life Insurance has yet to submit its complete figures for the year. However, 294 policies lapsed by the end of the third quarter.

A lapse usually occurs when a policyholder fails to pay premiums on time, resulting in the termination of coverage.

The reasons, according to sector people, are often tied to affordability, misleading advice from agents, and broader regulatory issues.

Besides, when a company's condition deteriorates due to corruption or irregularities, customers lose confidence, according to Md Solaiman, deputy director of Idra's non-life department and the regulator's acting spokesperson.

"As a result, many choose not to continue their policies."

Solaiman told The Daily Star that

customers often forget to pay their premiums on time, while companies also do not send timely reminders. "Because of this, many policies become void."

FRAGILE CONFIDENCE

On average, nearly half of life insurance policyholders in Bangladesh stop paying premiums after the first year, according to Idra data.

This contrasts sharply with global

company faced internal turmoil last year that shook customer confidence and hampered field-level staff performance.

He said this led to widespread lapses. "We are working to resolve these issues," said Islam.

Delta Life Insurance saw 1.93 lakh policies lapse in 2024, down from 2.46 lakh the year before.

However, 1.85 lakh of the discontinued

the company said the country's prolonged economic turmoil, which peaked last year, made it difficult for many families to keep up with premium payments.

But Guardian Life says that lapses are not always permanent. The company offers grace periods, policy loans, and outreach support.

"More than 14,500 policyholders reactivated their policies in 2024," it said in the statement. "We also recorded a 33 percent reduction in lapses compared to the previous year."

Ala Ahmad, CEO of MetLife Bangladesh, echoed the need for customer engagement.

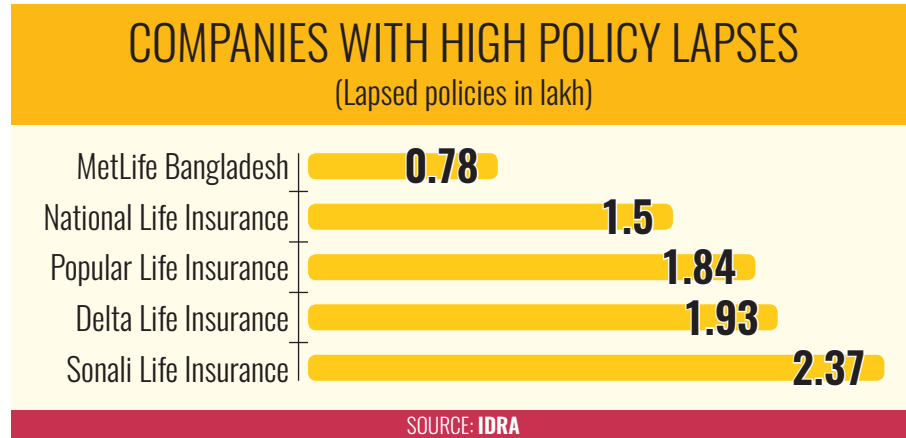
"We proactively remind customers via SMS, phone calls, and our app," he said. "Our surveys found financial hardship and shifting priorities as the main reasons behind lapses. We try to offer flexible solutions that allow customers to retain their coverage."

At National Life Insurance, many policyholders faced delays in receiving payments after their policies matured, due to a liquidity crunch in some banks.

"This created a trust deficit," said Managing Director Md Kazim Uddin. "That has discouraged customers from making premium payments, resulting in more lapses."

Idra Spokesperson Solaiman said the regulator is concerned about policy discontinuation. "Rising policy lapse rates are eroding public trust and dragging down insurance penetration in Bangladesh," he said.

From 2009 to 2023, over 26 lakh life insurance policies lapsed, according to Idra figures. The total number of active policies fell from nearly 1.12 crore in 2009 to just 85.88 lakh by 2023.



figures, where 96 to 98 percent of policyholders maintain coverage. Neighbouring India's lapse rate stands at around 10 percent.

Experts and sector insiders attribute the disparity to stronger oversight and enforcement in developed markets.

"Lapsed policies are harmful to both customers and insurers," said SM Ibrahim Hossain, director of the state-run Bangladesh Insurance Academy. "Customers lose a financial safety net, and insurers suffer revenue losses along with damage to trust and stability."

Md Rafiqul Islam, chief executive officer of Sonali Life Insurance, said the

following year, said CEO Uttam Kumar Sadhu.

According to him, micro-insurance policies, which require monthly payments, are more vulnerable to lapses.

"Many customers make bulk payments every few months, allowing them to reinstate their coverage," he said. "That's why we don't panic. We have systems in place to bring lapsed policies back to life."

CUSTOMER ENGAGEMENT CAN REDUCE LAPSES

Guardian Life Insurance reported 18,579 lapses in 2024. In a statement,

Summit Power's Q3 profit slumps 43%

STAR BUSINESS REPORT

Summit Power, the leading private-sector electricity producer, said its profit slumped 43 percent in the third quarter of fiscal year 2024-25 due to the non-renewal of a power purchase agreement by government agencies.

Its earnings per share (EPS) fell to Tk 0.39 in January-March of the current financial year, down from Tk 0.69 in the same period a year ago, the company said in a filing with the Dhaka Stock Exchange (DSE) yesterday.

Including the latest quarter, Summit's EPS stood at Tk 1.46 in the nine months to March of the financial year 2024-25, down 39 percent year-on-year.

The decline in EPS was mainly due to the expiry and non-renewal of the power purchase agreement (PPA) of one of its plants, the company said.

Another plant was operated only for part of the period as no demand was placed by the National Load Dispatch Centre (NLDC), it added. Summit also said three other plants, after PPA renewal, were brought under a "no electricity, no payment" arrangement, under which they received no capacity revenue.

In addition, income tax expenses rose in the current period as more plants came under the tax bracket following the expiry of their initial PPAs.

However, Summit's net operating cash flow per share increased slightly to Tk 7.23 in July 2024-March 2025, from Tk 7.05 in the same period a year ago.

Shares of Summit Power inched up 0.72 percent to Tk 14 as of 1:10 pm yesterday on the DSE.

Warren Buffett to retire from Berkshire Hathaway

AFP, Washington

Influential billionaire investor Warren Buffett said Saturday he would retire from leading his Berkshire Hathaway business group by the end of the year and that he would recommend his chosen successor Greg Abel take over.

Buffett's success, coupled with his ability to explain his thinking in clear soundbites, has made him highly influential in the business and financial communities, earning him the nickname "The Oracle of Omaha."

Buffett indicated several years ago 62-year-old Abel would be his pick for successor.

"The time has arrived where Greg should become the chief executive officer of the company at year end," Buffett, 94, told an annual shareholder meeting in Omaha, the Midwestern city where Berkshire is based.

Buffett said he believed the board of directors would be "unanimously in favor of" his recommendation.

"I would still hang around and could conceivably be useful in a few cases, but the final word would be what Greg said in operations, in capital deployment, whatever it

might be," he added.

Buffett transformed Berkshire Hathaway from a medium-sized textile company when he bought it in the 1960s into a giant conglomerate, now valued at more than \$1 trillion and with liquid assets of \$300 billion.



Warren Buffett

WIZARD OF WALL STREET

Peter Cardillo of Spartan Capital Securities described Buffett as the "Wizard of Wall Street" and said his announcement could come as a relief to those worried about succession.

"This helps alleviate concerns about who will replace him and may very well be well received by his followers," Cardillo told AFP.

The company on Saturday reported first-quarter profits of \$9.6 billion, down 14 percent. That works out to \$4.47 per share, also down sharply.

And Buffett's net worth as of Saturday was \$168.2 billion, according to Forbes magazine's real-time rich list.

"I have no intention – zero – of selling one share of Berkshire Hathaway. I will give it away eventually," Buffett told shareholders, who responded with a standing ovation.

"The decision to keep every share is an economic decision because I think the prospects of Berkshire will be better under Greg's management than mine."

"So that's the news hook for the day," Buffett quipped.

Abel, a long time core figure of Berkshire, joined the group in the energy division in 1992 and has been on the board of directors since 2018.

"Greg Abel and the rest of the team has huge shoes to fill, and they have immense amounts of cash to put to work if they so desire," said Steve Sosnick of Interactive Brokers.

United Power reports gas supply disruption at DEPZ plant

STAR BUSINESS REPORT

United Power Generation and Distribution Company (UPGDCL) has disclosed that gas supply to its power plant in the Dhaka Export Processing Zone (DEPZ) was disconnected on April 28 following a prolonged disagreement with the gas supplier over pricing classification.

In a stock exchange filing, the company said the dispute stems from a government decision issued on January 2, 2018, which reclassified the gas price applicable to United Power from the Independent Power Producer (IPP) category to the captive power category for electricity supplied to the Bangladesh Export Processing Zones Authority (Bepza).

This reclassification has been contested by United Power, which signed power supply agreements with BEPZA in May 2007 to operate dedicated power plants at the Dhaka and Chattogram EPZs, the disclosure said.

The company said that the change contradicts its Gas Supply Agreements with Titas Gas Transmission and Distribution Company and Karnaphuli Gas Distribution Company, which stipulate that gas prices will follow the rate applicable to IPP consumers.

Despite repeated efforts by the company to resolve the issue in accordance with existing laws and agreements, the gas supplier continued to bill it under the captive power category, ultimately leading to the disconnection of gas supply to the 82 MW plant in Dhaka EPZ.

United Power has a total generation capacity of 895 MW.

REUTERS, London

Gold is having a golden moment as investors fret about runaway prices and the stability of the US dollar. Adjusted for inflation, gold has risen above its previous peak in early 1980, after which its value declined in nominal terms for nearly two decades. The precious metal now trades at more than three standard deviations above its long-term trend. Although gold has retained its purchasing power over several millennia, it has proven a relatively poor hedge against inflation over the shorter term. After a 25 percent increase this year, it has never looked more expensive, both in real terms and relative to other commodities.

"The real price of gold," writes, Campbell Harvey of Research Affiliates, "resembles a price-earnings ratio for equities. Very high P/Es are often followed by low expected returns. Gold's historical record suggests a similar pattern." Since 1975, investors who acquired gold at elevated prices lost money over the following decade. Conversely, buying gold when it was relatively cheap delivered positive inflation-adjusted returns.

Today its price is far out of line with several other commodities. Over the past half-century an ounce of gold has, on average, cost 21 times the price of a barrel

of oil. Today, the gold/oil ratio is above 50 times – its highest-ever level apart from a brief moment in 2020. Gold also looks expensive relative to silver. Since 1975, on average, you could exchange 60 ounces of silver for an ounce of gold. Today, gold is worth around 100 times more than its cheaper cousin.

There's another precious metal that looks even less expensive. Platinum may

not have the allure of gold but is much harder to find. Global production is mostly concentrated in deep mines located in a small region of southern Africa. Platinum has been on a roller-coaster in recent years. In the first decade of the century, the metal was caught up in the mining supercycle when it boomed and then crashed. Mine production was interrupted during the pandemic after which platinum climbed

above \$1,200 an ounce in the spring of 2021. Since then, it's fallen below \$1,000. In real terms, platinum currently trades roughly 25 percent below its 50-year average.

Since 1900, the price of platinum has proved stable relative to gold, according to Bryan Taylor, chief economist at Finaeon (formerly Global Financial Data). Over the past 50 years, the ratio of gold to platinum has on average been about par. Since 2015, however, gold has pushed ahead and now trades at three times the price of platinum. Relative to gold, platinum has never been so cheap.

The significance of these comparisons is a matter of judgment. After all, gold is considered by many to be an alternative to unstable paper currencies. Although silver and platinum are officially designated monetary metals they lack the strong brand of their yellow rival.

Successive US presidents have threatened to undermine the current international monetary system dominated by the US dollar. After the United States and its allies froze Russia's foreign exchange reserves in 2022, China and other central banks stepped up their purchases of gold. On several earlier occasions when international monetary regimes collapsed, gold underwent a paradigm shift.



Over the past half-century, an ounce of gold has, on average, cost 21 times the price of a barrel of oil. PHOTO: REUTERS/FILE

Cold storage, food prices, and the role of the state

MASUD KHAN

A recent piece in The Daily Star on rising food prices, especially vegetables, once again highlights a stubborn and preventable problem. During a visit to Karwan Bazar, vendors pointed to recent heavy rains that damaged crops and pushed prices up. But this is merely the latest episode in a recurring cycle.

Each year, vegetable prices crash during the harvest season due to oversupply, then spike months later when supplies dwindle. This seasonal price volatility is driven largely by the lack of cold storage and refrigerated transport, which results in massive post-harvest losses. Most vegetables are highly perishable and cannot be stored beyond a few days without refrigeration. As a result, farmers are forced to sell at low prices during the harvest, while consumers end up paying more later due to scarcity.

Estimates suggest that 30-40 percent of perishable produce is lost after harvest in Bangladesh. This not only harms farmers and consumers but also contributes to food insecurity and inflation. At the heart of the problem lies inadequate infrastructure. Bangladesh has around 400 cold storage units, over 90 percent of which are used to store potatoes. Very few are suitable for vegetables, and even fewer are located in major vegetable-producing regions such as Jashore, Rangpur, or Jamalpur.

In the early 2000s, private entrepreneurs set up cold storage facilities, but many failed due to poor management, a narrow focus on single crops, and low returns. Today, the private sector remains reluctant to invest in cold storage, especially for vegetables. The reasons are clear: cold storage is capital-intensive, involves high operational costs, and offers uncertain returns. Without government support or long-term demand certainty, such projects are seen as financially risky.

Even where land and interest exist, private investors hesitate due to the lack of refrigerated transport, limited access to finance, and the absence of coordinated market systems. Simply put, cold storage is not yet a commercially attractive proposition across much of the country.

That is why the government must act as the lead investor, not merely a facilitator. A revised public-private partnership (PPP) model, in which the public sector bears a larger share of the investment and risk, is essential. Only then will the private sector step in with both confidence and capacity.

Other countries have demonstrated how this can work. In India, government subsidies under the Mission for Integrated Development of Horticulture have supported large-scale cold chain expansion. In Thailand, state-backed loans and cooperative models have made cold storage viable in rural areas. The lesson is clear: public sector leadership is key to attracting sustained private sector involvement.

A comprehensive cold chain strategy should also include grading centres, packaging units, refrigerated transport, and training for logistics personnel. It is not just about storing food but about building a system that connects farmers to consumers efficiently and reliably.

Bangladesh has made significant gains in food production, but post-harvest management and price stability remain major weaknesses. Without stronger infrastructure, climate-induced crop damage and market shocks will continue to push prices beyond the reach of many.

The Delta Plan 2100 and Vision 2041 outline ambitious food security and economic growth goals. But these will not be realised unless cold chain infrastructure is prioritised as critical economic infrastructure – on par with roads or electricity.

It is time for ministries such as agriculture, commerce, and industries, in partnership with Bida and the PPP Authority, to launch a national cold storage initiative, led by the government and supported by the private sector. This would stabilise prices, reduce waste, empower farmers, and protect low-income consumers.

Investing in cold storage is not just a smart policy; it is a vital step towards food security, rural prosperity, and economic resilience.

The writer is the chairman of Unilever Consumer Care Limited.